

By: Buckingham, et al.

S.B. No. 704

A BILL TO BE ENTITLED

AN ACT

relating to the transfer of the regulation of racing to the Texas Department of Licensing and Regulation, the abolishment of the Texas Racing Commission, and the creation of the Texas Racing Advisory Board, following recommendations of the Sunset Advisory Commission.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

ARTICLE 1. GENERAL PROVISIONS

SECTION 1.01. Subchapter C, Chapter 51, Occupations Code, is amended by adding Section 51.1041 to read as follows:

Sec. 51.1041. PEACE OFFICERS. (a) The department may commission as a peace officer an employee who has been certified as qualified to be a peace officer by the Texas Commission on Law Enforcement.

(b) A peace officer commissioned by the department may enforce any provision of this chapter relating to the regulation of racing or any law establishing a program regulated by the department under Subtitle A-1, Title 13, related to the regulation of racing.

(c) A peace officer commissioned under this section has the powers, privileges, and immunities of a peace officer while carrying out duties authorized by this chapter or a law establishing a program regulated by the department.

SECTION 1.02. Section 2021.003, Occupations Code, is

1 amended by amending Subdivisions (2), (8), (9), (14), (20), (21),
2 (24), (35), and (54) and adding Subdivisions (2-a) and (12-a) to
3 read as follows:

4 (2) "Active license" means a racetrack license
5 designated by the department [~~commission~~] as active.

6 (2-a) "Advisory board" means the Texas Racing Advisory
7 Board.

8 (8) "Commission" means the Texas [~~Racing~~] Commission
9 of Licensing and Regulation.

10 (9) "Concessionaire" means a person licensed by the
11 department [~~commission~~] to sell refreshments or souvenirs at a
12 racetrack.

13 (12-a) "Department" means the Texas Department of
14 Licensing and Regulation.

15 (14) "Executive director" means the executive
16 director of the department [~~commission~~].

17 (20) "Horsemen's organization" means an organization
18 recognized by the department [~~commission~~] that:

19 (A) represents horse owners and trainers in
20 negotiating and contracting with racetrack associations on
21 subjects relating to racing; and

22 (B) represents and advocates the interests of
23 horse owners and trainers before administrative, legislative, and
24 judicial forums.

25 (21) "Inactive license" means a racetrack license
26 designated by the department [~~commission~~] as inactive.

27 (24) "Maiden" means a horse that has never won a race

1 at a race meeting authorized by the department [~~commission~~] or by
2 another racing jurisdiction.

3 (35) "Performance" means the consecutive running of a
4 specified number of greyhound races as determined by the department
5 [~~commission~~].

6 (54) "Trainer" means a person who is licensed by the
7 department [~~commission~~] to train horses or greyhounds.

8 SECTION 1.03. Sections 2021.004(1) and (5), Occupations
9 Code, are amended to read as follows:

10 (1) "Authorized agent" means a person appointed by an
11 owner of a horse to represent the owner. The term is limited to a
12 person who is appointed by a written instrument that the department
13 [~~commission~~] acknowledges and approves.

14 (5) "Jockey" or "apprentice jockey" means a
15 professional rider licensed by the department [~~commission~~] to ride
16 in horse races.

17 SECTION 1.04. Section 2021.006, Occupations Code, is
18 amended to read as follows:

19 Sec. 2021.006. RELEASE OF CIVIL LIABILITY. A commission
20 member, the executive director, a department [~~commission~~]
21 employee, a steward or judge, a racetrack association, a horsemen's
22 organization, or any other person regulated under this subtitle is
23 not liable for a cause of action that arises out of that person's
24 performance or exercise of discretion in the implementation or
25 enforcement of this subtitle or a rule adopted under this subtitle
26 if the person has acted in good faith.

27 SECTION 1.05. Sections 2021.008(a), (b), (c), and (d),

1 Occupations Code, are amended to read as follows:

2 (a) The advisory board [~~commission~~] is subject to Chapter
3 325, Government Code (Texas Sunset Act). The advisory board shall
4 be reviewed during the period in which the commission and
5 department are reviewed under Section 51.002. Unless the advisory
6 board is continued in existence and the commission and department
7 are continued in existence as provided by that section, [~~chapter,~~
8 and except as provided by Subsections (b) and (c), [~~the commission~~
9 is abolished and] this subtitle expires on the date provided by that
10 section [~~September 1, 2021~~].

11 (b) If, at the time the commission, department, and advisory
12 board would be abolished under Subsection (a), a racetrack
13 association has outstanding long-term liabilities:

14 (1) the racetrack association may continue to operate
15 for a period not to exceed one year after those liabilities are
16 satisfied; and

17 (2) the commission, the department, and this subtitle
18 are continued in effect for the purpose of regulating that
19 racetrack association under this subtitle.

20 (c) If the commission, the department, and this subtitle are
21 continued in effect under Subsection (b), the commission and the
22 department are [~~is~~] abolished and this subtitle expires on the
23 first day of the state fiscal year following the state fiscal year
24 in which the commission certifies to the secretary of state that no
25 racetrack associations are operating under the terms of Subsection
26 (b).

27 (d) A racetrack association that continues to operate under

1 Subsection (b) may not incur any new liability without commission
2 or department approval. At the beginning of that period, the
3 commission or department shall:

4 (1) review the outstanding liabilities of the
5 racetrack association; and

6 (2) set a specific date by which the racetrack
7 association must retire its outstanding liabilities.

8 ARTICLE 2. TEXAS RACING ADVISORY BOARD; DEPARTMENT RECORDS AND
9 INFORMATION

10 SECTION 2.01. The heading to Chapter 2022, Occupations
11 Code, is amended to read as follows:

12 CHAPTER 2022. TEXAS RACING ADVISORY BOARD [~~COMMISSION~~]

13 SECTION 2.02. The heading to Section 2022.001, Occupations
14 Code, is amended to read as follows:

15 Sec. 2022.001. ADVISORY BOARD [~~COMMISSION~~] MEMBERSHIP.

16 SECTION 2.03. Section 2022.001(a), Occupations Code, is
17 amended to read as follows:

18 (a) The Texas Racing Advisory Board [~~commission~~] consists
19 of nine [+

20 [~~(1) seven~~] members appointed by the presiding officer
21 of the commission, with commission approval, as follows:

22 (1) one member who is a representative of a racetrack
23 association holding a class 1 racetrack license;

24 (2) one member who is a representative of a racetrack
25 association holding a class 2 racetrack license;

26 (3) one member who is a representative of a racetrack
27 association holding a class 3 racetrack license;

1 (4) one member who is:

2 (A) a representative of a racetrack association
3 holding a greyhound racetrack license; or

4 (B) a representative of the Texas Horsemen's
5 Partnership;

6 (5) one member who is a representative of the Texas
7 Thoroughbred Association;

8 (6) one member who is a representative of the Texas
9 Quarter Horse Association;

10 (7) one member who is a veterinarian; and

11 (8) two members of the public [~~governor with the~~
12 ~~advice and consent of the senate; and~~

13 ~~[(2) two ex officio members who have the right to~~
14 ~~vote].~~

15 SECTION 2.04. Subchapter A, Chapter 2022, Occupations Code,
16 is amended by adding Section 2022.0011 to read as follows:

17 Sec. 2022.0011. DUTIES OF ADVISORY BOARD. The advisory
18 board shall provide advice and recommendations to the department on
19 technical matters relevant to the administration of this subtitle.

20 SECTION 2.05. The heading to Section 2022.002, Occupations
21 Code, is amended to read as follows:

22 Sec. 2022.002. TERM OF OFFICE; VACANCIES.

23 SECTION 2.06. Section 2022.002, Occupations Code, is
24 amended by amending Subsection (a) and adding Subsection (c) to
25 read as follows:

26 (a) Advisory board [~~Appointed commission~~] members hold
27 office for staggered terms of six years with the terms of [~~two or~~

1 three members expiring February 1 of each odd-numbered year.

2 (c) If a vacancy occurs during a member's term, the
3 presiding officer of the commission, with commission approval,
4 shall appoint a member to fill the vacancy for the remainder of the
5 unexpired term.

6 SECTION 2.07. Section 2022.008, Occupations Code, is
7 amended to read as follows:

8 Sec. 2022.008. PRESIDING OFFICER. (a) The presiding
9 officer of the commission [~~governor~~] shall designate a [~~public~~]
10 member of the advisory board [~~commission~~] as the presiding officer
11 of the advisory board [~~commission~~] to serve in that capacity for a
12 one-year term [~~at the pleasure of the governor~~].

13 (b) The presiding officer of the advisory board may vote on
14 any matter before the advisory board.

15 SECTION 2.08. The heading to Section 2022.009, Occupations
16 Code, is amended to read as follows:

17 Sec. 2022.009. ADVISORY BOARD [~~COMMISSION~~] MEETINGS [~~+~~
18 ~~RECORD OF COMMISSION VOTES~~].

19 SECTION 2.09. Section 2022.009(a), Occupations Code, is
20 amended to read as follows:

21 (a) The advisory board [~~commission~~] shall meet at the call
22 of the presiding officer of the commission or the executive
23 director [~~hold at least six regular meetings each year on dates~~
24 ~~fixed by the commission~~].

25 SECTION 2.10. The heading to Section 2022.052, Occupations
26 Code, is amended to read as follows:

27 Sec. 2022.052. [~~EMPLOYEES,~~] RESTRICTIONS ON EMPLOYMENT.

1 SECTION 2.11. The heading to Section 2022.103, Occupations
2 Code, is amended to read as follows:

3 Sec. 2022.103. DEPARTMENT [~~COMMISSION~~] INVESTIGATIVE FILES
4 CONFIDENTIAL.

5 SECTION 2.12. Sections 2022.103(a), (b), and (c),
6 Occupations Code, are amended to read as follows:

7 (a) The contents of the investigatory files of the
8 department [~~commission~~] are not public records and are confidential
9 except:

- 10 (1) in a criminal proceeding;
- 11 (2) in a hearing conducted by the commission;
- 12 (3) on court order; or
- 13 (4) with the consent of the party being investigated.

14 (b) Except as otherwise provided by this subtitle, the
15 files, records, information, compilations, documents, photographs,
16 reports, summaries, and reviews of information and related matters
17 that are collected, retained, or compiled by the Department of
18 Public Safety in the discharge of the Department of Public Safety's
19 [~~department's~~] duties under this subtitle are confidential and are
20 not subject to public disclosure, but are subject to discovery by a
21 person who is the subject of the files, records, information,
22 compilations, documents, photographs, reports, summaries, and
23 reviews of information and related matters that are collected,
24 retained, or compiled by the Department of Public Safety
25 [~~department~~] in the discharge of the Department of Public Safety's
26 [~~department's~~] duties under this subtitle.

27 (c) An investigation report or other document submitted by

1 the Department of Public Safety to the department [~~commission~~]
2 becomes part of the investigative files of the department
3 [~~commission~~] and is subject to discovery by a person who is the
4 subject of the investigation report or other document submitted by
5 the Department of Public Safety [~~department~~] to the department
6 [~~commission~~] that is part of the investigative files of the
7 department [~~commission~~].

8 SECTION 2.13. Section [2022.105](#)(a), Occupations Code, is
9 amended to read as follows:

10 (a) The department [~~commission~~] shall require racetrack
11 associations, managers, totalisator license holders, and
12 concessionaires to keep books and records and to submit financial
13 statements to the commission.

14 ARTICLE 3. COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL
15 POWERS AND DUTIES

16 SECTION 3.01. The heading to Chapter [2023](#), Occupations
17 Code, is amended to read as follows:

18 CHAPTER [2023](#). COMMISSION, DEPARTMENT, AND RACE MEETING OFFICIAL
19 POWERS AND DUTIES

20 SECTION 3.02. Section [2023.001](#), Occupations Code, is
21 amended to read as follows:

22 Sec. [2023.001](#). LICENSING, REGULATION, AND SUPERVISION OF
23 HORSE RACING AND GREYHOUND RACING. (a) Notwithstanding any
24 contrary provision in this subtitle, the department under the
25 direction of the commission may license and regulate all aspects of
26 horse racing and greyhound racing in this state, regardless of
27 whether that racing involves pari-mutuel wagering.

1 (b) The commission~~[7]~~ in adopting rules and the department
2 in the supervision and conduct of racing~~[7]~~ shall consider the
3 effect of a proposed ~~[commission]~~ action on the state's
4 agricultural, horse breeding, horse training, greyhound breeding,
5 and greyhound training industry.

6 SECTION 3.03. Section 2023.002, Occupations Code, is
7 amended to read as follows:

8 Sec. 2023.002. REGULATION AND SUPERVISION OF WAGERING AT
9 RACE MEETINGS. (a) The department ~~[commission]~~ shall regulate and
10 supervise each race meeting in this state that involves wagering on
11 the result of horse racing or greyhound racing. Each person and
12 thing relating to the operation of a race meeting is subject to
13 regulation and supervision by the department ~~[commission]~~.

14 (b) The commission shall adopt rules on the issuance of
15 licenses and other rules necessary to regulate horse racing and
16 greyhound racing and the department shall~~[7]~~ issue licenses~~[7]~~ and
17 take any other necessary action relating ~~[exclusively]~~ to the
18 regulation of horse racing or greyhound racing.

19 SECTION 3.04. Section 2023.003(b), Occupations Code, is
20 amended to read as follows:

21 (b) The department ~~[commission]~~ may charge in the amount set
22 by the commission an annual fee for licensing and regulating a track
23 that does not offer pari-mutuel wagering or a training facility in a
24 reasonable amount that may not exceed the actual cost of enforcing
25 rules adopted by the commission for the licensing and regulation of
26 races and workouts at such a facility.

27 SECTION 3.05. Section 2023.004(d), Occupations Code, is

1 amended to read as follows:

2 (d) The commission shall post at each racetrack notice of a
3 meeting [~~under Subsection (c)~~] that includes an agenda of the
4 meeting and a summary of the proposed rule.

5 SECTION 3.06. Section 2023.006, Occupations Code, is
6 amended to read as follows:

7 Sec. 2023.006. CONSIDERATION OF PAST PERFORMANCE OF
8 RACETRACK ASSOCIATION. In considering a pleading of a racetrack
9 association, the department [~~commission~~] shall take into account
10 the operating experience of the racetrack association in this
11 state, including:

- 12 (1) the financial condition of the racetrack;
13 (2) the regulatory compliance and conduct; and
14 (3) any other relevant matter concerning the operation
15 of a racetrack.

16 SECTION 3.07. Section 2023.007, Occupations Code, is
17 amended to read as follows:

18 Sec. 2023.007. RIGHT OF ENTRY. A department employee
19 [~~commission member~~], an authorized department [~~commission~~] agent
20 or peace officer, a commissioned officer of the Department of
21 Public Safety, or a peace officer of the local jurisdiction in which
22 a racetrack association maintains a place of business may enter any
23 part of a racetrack or any other place of business of a racetrack
24 association at any time to enforce and administer this subtitle.

25 SECTION 3.08. Section 2023.008, Occupations Code, is
26 amended to read as follows:

27 Sec. 2023.008. TESTIMONY AND SUBPOENA POWER. (a) For

1 purposes of this section, "agent" means an appointed agent of the
2 department [~~commission~~].

3 (b) A department employee [~~commission member~~] or an agent,
4 while involved in carrying out functions under this subtitle, may:

- 5 (1) take testimony;
6 (2) require by subpoena the attendance of a witness;
7 and

8 (3) require the production of books, records, papers,
9 correspondence, and other documents that the commission considers
10 advisable.

11 (c) A subpoena must be issued under the signature of the
12 executive director or the executive director's designee
13 [~~commission or an agent~~]. A person designated by the executive
14 director [~~commission~~] must serve the subpoena.

15 (d) A department employee [~~commission member~~] or an agent
16 may administer an oath to a witness appearing before the department
17 [~~commission~~] or an agent.

18 (e) If a subpoena issued under this section is disobeyed,
19 the department [~~commission~~] or an agent may invoke the aid of a
20 Travis County district court in requiring compliance with the
21 subpoena. A Travis County district court may issue an order
22 requiring the person to appear and testify and to produce books,
23 records, papers, correspondence, and documents. Failure to obey
24 the court order shall be punished by the court as contempt.

25 SECTION 3.09. Sections 2023.051 and 2023.052, Occupations
26 Code, are amended to read as follows:

27 Sec. 2023.051. RECOGNITION OF ORGANIZATION. (a) The

1 commission by rule shall adopt criteria to recognize an
2 organization to represent members of a segment of the racing
3 industry, including owners, breeders, trainers, kennel operators,
4 or other persons involved in the racing industry, in any
5 interaction between the members of the organization and a racetrack
6 association or the department [~~commission~~].

7 (b) The department [~~commission~~] may recognize an
8 organization that meets the criteria adopted under Subsection (a).

9 Sec. 2023.052. SECURITY FOR FEES AND CHARGES. The
10 department [~~commission~~] may require a racetrack association to post
11 security in an amount and form determined by the department
12 [~~commission~~] to adequately ensure the payment of any fee or charge
13 due to this state or the department [~~commission~~] relating to
14 pari-mutuel racing, including a charge for drug testing.

15 SECTION 3.10. Section [2023.053](#)(f), Occupations Code, is
16 amended to read as follows:

17 (f) This section does not apply to:
18 (1) money deposited into the Texas-bred incentive fund
19 established under Section [2028.301](#); or
20 (2) an administrative penalty remitted to the
21 comptroller for deposit in the general revenue fund under Section
22 [2033.058](#).

23 SECTION 3.11. The heading to Section [2023.054](#), Occupations
24 Code, is amended to read as follows:

25 Sec. 2023.054. [~~COMMISSION~~] STANDARDS ON GREYHOUND FARMS
26 AND FACILITIES.

27 SECTION 3.12. Sections [2023.056](#), [2023.057](#), [2023.058](#),

1 [2023.059](#), and [2023.061](#), Occupations Code, are amended to read as
2 follows:

3 Sec. 2023.056. COOPERATION WITH LAW ENFORCEMENT. (a) The
4 department [~~commission~~] shall cooperate with a district attorney, a
5 criminal district attorney, a county attorney, the Department of
6 Public Safety, the attorney general, or a peace officer in
7 enforcing this subtitle.

8 (b) The department [~~commission~~], under department
9 [~~commission~~] authority to obtain criminal history record
10 information under Section [2023.057](#), shall maintain and exchange
11 pertinent intelligence data with other states and agencies.

12 Sec. 2023.057. ACCESS TO CRIMINAL HISTORY RECORDS. The
13 department [~~commission~~] may obtain criminal history record
14 information that relates to each applicant for [~~employment by the~~
15 ~~commission and to each applicant for~~] a license issued under this
16 subtitle by the department, including an occupational license
17 described by Section [2025.251\(c\)](#), [~~commission~~] and that is
18 maintained by the Department of Public Safety or the Federal Bureau
19 of Investigation Identification Division. The department
20 [~~commission~~] may refuse to issue a license to [~~recommend~~] an
21 applicant who fails to provide a complete set of fingerprints.

22 Sec. 2023.058. COST OF CRIMINAL HISTORY RECORD CHECK. (a)
23 The commission shall, in determining the amount of a license fee,
24 set the fee in at least an amount necessary to cover the cost to the
25 department of conducting a criminal history record check on a
26 license applicant.

27 (b) The department [~~commission~~] shall reimburse the

1 Department of Public Safety for the cost of conducting a criminal
2 history record check under this subtitle.

3 Sec. 2023.059. DISTANCE LEARNING. The department
4 [~~commission~~] may provide assistance to members of the racing
5 industry who are attempting to develop or implement adult, youth,
6 or continuing education programs that use distance learning.

7 Sec. 2023.061. BIENNIAL [~~ANNUAL~~] REPORT. (a) Not later
8 than January 31 of each odd-numbered year, the department
9 [~~commission~~] shall file a report with the governor, lieutenant
10 governor, and speaker of the house of representatives.

11 (b) The report must cover the operations of the department
12 under this subtitle [~~commission~~] and the condition of horse
13 breeding and racing and greyhound breeding and racing during the
14 preceding two-year period [~~previous year~~].

15 (c) The department [~~commission~~] shall obtain from the
16 Department of Public Safety a comprehensive report of any organized
17 crime activities in this state [~~that the department may wish to~~
18 ~~report~~] and information concerning illegal gambling that may be
19 related to this subtitle known to exist in this state. The
20 department [~~commission~~] shall include in the biennial [~~annual~~]
21 report the Department of Public Safety's [~~department's~~] report and
22 any recommendations the department [~~commission~~] considers
23 appropriate.

24 SECTION 3.13. Sections [2023.101](#)(b), (c), and (d),
25 Occupations Code, are amended to read as follows:

26 (b) The department [~~commission~~] shall employ or contract
27 with each steward and judge for the supervision of a horse race or

1 greyhound race meeting.

2 (c) The department [~~commission~~] shall designate one steward
3 or judge, as appropriate, as the presiding steward or judge for each
4 race meeting.

5 (d) Following the completion of a race meeting, a racetrack
6 association may submit to the department [~~commission~~] for the
7 department's [~~commission's~~] review written comments regarding the
8 job performance of the stewards and judges. A racetrack
9 association's comments submitted under this section are not
10 binding, in any way, on the department [~~commission~~].

11 SECTION 3.14. Section [2023.102](#)(a), Occupations Code, is
12 amended to read as follows:

13 (a) The department [~~commission~~] shall require each steward
14 or judge to annually take and pass a written examination and a
15 medical examination.

16 SECTION 3.15. Section [2023.103](#), Occupations Code, is
17 amended to read as follows:

18 Sec. 2023.103. [~~EMPLOYMENT OF~~] STATE VETERINARIANS. For
19 each race meeting, the department [~~commission~~] shall employ or
20 contract for at least one state veterinarian.

21 SECTION 3.16. Section [2023.104](#)(b), Occupations Code, is
22 amended to read as follows:

23 (b) The fee amount for compensating each steward, judge, and
24 state veterinarian must be reasonable according to industry
25 standards for the compensation of those officials at other
26 racetracks and may not exceed the actual cost to the department
27 [~~commission~~] for compensating the officials.

1 SECTION 3.17. Section 2023.105, Occupations Code, is
2 amended to read as follows:

3 Sec. 2023.105. EMPLOYMENT OF OTHER RACETRACK OFFICIALS.
4 The racetrack association shall appoint, with the department's
5 [~~commission's~~] approval, all racetrack officials other than the
6 officials listed in Section 2023.104. Compensation for officials
7 not compensated by the department [~~commission~~] is determined by the
8 racetrack association.

9 SECTION 3.18. Section 2023.106(b), Occupations Code, is
10 amended to read as follows:

11 (b) The commission shall adopt rules that specify:
12 (1) the power and duties of each race meeting
13 official, including the power of a steward or judge to impose
14 penalties for unethical practices or violations of racing rules;
15 and
16 (2) procedures for hearings conducted under this
17 section.

18 SECTION 3.19. Section 2023.109, Occupations Code, is
19 amended by adding Subsection (c) to read as follows:

20 (c) The commission may adopt rules specifying the
21 requirements for appealing a decision and eligibility of orders for
22 consideration under this section.

23 ARTICLE 4. POWERS AND DUTIES OF COMPTROLLER

24 SECTION 4.01. Section 2024.002(a), Occupations Code, is
25 amended to read as follows:

26 (a) The comptroller may inspect all books, records, and
27 financial statements required by the commission or obtained by the

1 department under Section 2022.105.

2 SECTION 4.02. Sections 2024.053(a) and (b), Occupations
3 Code, are amended to read as follows:

4 (a) The comptroller shall certify to the department
5 [~~commission~~] the fact that a racetrack association or totalisator
6 company:

7 (1) does not comply with a rule adopted by the
8 comptroller under this chapter;

9 (2) refuses to allow access to or inspection of any of
10 the racetrack association's or totalisator company's required
11 books, records, or financial statements;

12 (3) refuses to allow access to or inspection of the
13 totalisator system; or

14 (4) becomes delinquent for:

15 (A) the state's share of a pari-mutuel pool; or

16 (B) any other tax collected by the comptroller.

17 (b) With regard to the state's share of a pari-mutuel pool
18 and any penalty related to the state's share, the comptroller,
19 acting independently of the department [~~commission~~], may take any
20 collection or enforcement action authorized under the Tax Code
21 against a delinquent taxpayer.

22 ARTICLE 5. LICENSING

23 SECTION 5.01. Sections 2025.001 and 2025.002, Occupations
24 Code, are amended to read as follows:

25 Sec. 2025.001. COMMISSION AND DEPARTMENT LICENSING DUTIES.

26 (a) To preserve and protect the public health, welfare, and safety,
27 the commission shall adopt rules relating to license applications

1 and the financial responsibility[~~, moral character,~~] and ability of
2 applicants.

3 (b) The department [~~commission~~] shall prescribe application
4 forms for licenses issued under this subtitle and shall provide
5 each occupational license holder with a credential.

6 (c) The commission shall [~~annually~~] prescribe reasonable
7 license fees for each category of license issued under this
8 subtitle.

9 (d) The commission by rule shall set fees in amounts
10 reasonable and necessary to cover the department's [~~commission's~~]
11 costs of regulating, overseeing, and licensing live and simulcast
12 racing at racetracks.

13 Sec. 2025.002. LICENSE AS PRIVILEGE. The operation of a
14 racetrack and the participation in racing are privileges, not
15 rights, granted only by the department [~~commission~~] by license and
16 subject to reasonable and necessary conditions set by the
17 commission and department.

18 SECTION 5.02. Sections [2025.003](#)(a), (c), (d), and (e),
19 Occupations Code, are amended to read as follows:

20 (a) An applicant for a license or license renewal under this
21 subtitle must, except as otherwise provided by Section [2025.261](#),
22 submit to the department [~~commission~~] a complete set of
23 fingerprints for:

- 24 (1) the applicant; or
25 (2) if the applicant is not an individual, each
26 officer or director of, and each person who owns at least a five
27 percent interest in, the applicant.

1 (c) A peace officer of any state~~[7]~~ or any department
2 employee designated by the executive director [~~district office of~~
3 ~~the commission~~], shall take the fingerprints of an applicant for a
4 license or license renewal on forms approved and furnished by the
5 Department of Public Safety and immediately deliver the forms to
6 the department [~~commission~~].

7 (d) If a complete set of fingerprints is required by the
8 department [~~commission~~], the department [~~commission~~] shall, not
9 later than the 10th business day after the date the department
10 [~~commission~~] receives the fingerprints, forward the fingerprints
11 to the Department of Public Safety or the Federal Bureau of
12 Investigation. If the fingerprints are forwarded to the Department
13 of Public Safety, the Department of Public Safety [~~department~~]
14 shall:

15 (1) classify the fingerprints and check the
16 fingerprints against the Department of Public Safety's
17 [~~department's~~] fingerprint files; and

18 (2) report to the department [~~commission~~] the
19 Department of Public Safety's [~~department's~~] findings concerning
20 the existence or lack of a criminal record of the applicant.

21 (e) The department [~~commission~~] may not issue a racetrack
22 license until the report under Subsection (d) is made to the
23 department [~~commission~~]. The department [~~commission~~] may issue a
24 temporary occupational license before the report is made to the
25 department [~~commission~~].

26 SECTION 5.03. Section [2025.051](#), Occupations Code, is
27 amended to read as follows:

1 Sec. 2025.051. RACETRACK LICENSE REQUIRED; CRIMINAL
2 PENALTY. A person may not conduct wagering on a horse or greyhound
3 race meeting without first obtaining a racetrack license issued by
4 the department [~~commission~~]. A person who violates this section
5 commits an offense.

6 SECTION 5.04. Sections 2025.052(a) and (b), Occupations
7 Code, are amended to read as follows:

8 (a) The department [~~commission~~] shall require each
9 applicant for an original racetrack license to submit an
10 application, on a form prescribed by the department [~~commission~~],
11 containing the following information:

- 12 (1) if the applicant is an individual:
- 13 (A) the individual's full name;
 - 14 (B) the individual's date of birth;
 - 15 (C) the individual's physical description;
 - 16 (D) the individual's current address and
17 telephone number; and
 - 18 (E) a statement by the individual disclosing any
19 arrest or conviction for a felony or for a misdemeanor, except a
20 misdemeanor under Subtitle C, Title 7, Transportation Code, or a
21 similar misdemeanor traffic offense;

- 22 (2) if the applicant is a corporation:
- 23 (A) the state of incorporation;
 - 24 (B) the names and addresses of the corporation's
25 agents for service of process in this state;
 - 26 (C) the name and address of each officer and
27 director of the corporation;

1 (D) the name and address of each stockholder of
2 the corporation;

3 (E) for each individual named under this
4 subdivision, the information required by Subdivision (1); and

5 (F) identification of:

6 (i) any other beneficial owner of a share in
7 the applicant that has absolute or contingent voting rights;

8 (ii) any other person who directly or
9 indirectly exercises any participation in the applicant; and

10 (iii) any other ownership interest in the
11 applicant that the applicant making its best effort is able to
12 identify;

13 (3) if the applicant is an unincorporated business
14 association:

15 (A) the name and address of each member of the
16 association and, for each individual named under this subdivision,
17 the information required by Subdivision (1); and

18 (B) identification of:

19 (i) any other person who exercises voting
20 rights in the applicant or directly or indirectly exercises any
21 participation in the applicant; and

22 (ii) any other ownership interest in the
23 applicant that the applicant making its best effort is able to
24 identify;

25 (4) the exact location at which a race meeting is to be
26 conducted;

27 (5) if the racetrack is in existence, whether it is

1 owned by the applicant and, if leased to the applicant:

2 (A) the name and address of the owner; and

3 (B) if the owner is a corporation or
4 unincorporated business association, the name and address of each
5 officer and director, any stockholder or member, and each agent for
6 service of process in this state;

7 (6) if construction of the racetrack has not been
8 initiated, whether it is to be owned by the applicant and, if it is
9 to be leased to the applicant:

10 (A) the name and address of the prospective
11 owner; and

12 (B) if the owner is a corporation or
13 unincorporated business association, the information required by
14 Subdivision (5)(B);

15 (7) identification of:

16 (A) any other beneficial owner of a share that
17 has absolute or contingent voting rights in the owner or
18 prospective owner of the racetrack;

19 (B) any other person that directly or indirectly
20 exercises any participation in the owner or prospective owner; and

21 (C) all other ownership interest in the owner or
22 prospective owner that the applicant making its best effort is able
23 to identify;

24 (8) a detailed statement of the applicant's assets and
25 liabilities;

26 (9) the type of racing to be conducted and the dates
27 requested;

1 (10) proof of residency as required by Section
2 2025.201; and

3 (11) any other information required by the department
4 [~~commission~~].

5 (b) An application must be attested [~~sworn~~] to:

6 (1) by the applicant; or

7 (2) if the applicant is a corporation or association,
8 by its chief executive officer.

9 SECTION 5.05. Sections 2025.053(a) and (c), Occupations
10 Code, are amended to read as follows:

11 (a) The department [~~commission~~] shall require each
12 applicant for an original racetrack license to pay the required
13 application fee. The fee must accompany the application and be paid
14 in the form of a cashier's check, ~~[or]~~ certified check, or other
15 form of payment acceptable to the department.

16 (c) Notwithstanding this section, if a licensed racetrack
17 petitions for a higher racetrack classification, the department
18 [~~commission~~] shall impose fees equal to the difference between the
19 fees previously paid and the fees required for the higher
20 classification.

21 SECTION 5.06. Sections 2025.054(a) and (b), Occupations
22 Code, are amended to read as follows:

23 (a) The department [~~commission~~] shall require each
24 applicant for an original racetrack license to submit with the
25 application for inspection and review by the department
26 [~~commission~~] a copy of each management, concession, and totalisator
27 contract associated with the proposed license at the proposed

1 location in which the applicant has an interest.

2 (b) An applicant or license holder shall:

3 (1) advise the department [~~commission~~] of any change
4 in any management, concession, or totalisator contract; and

5 (2) at the request of the department, provide any
6 information the department considers necessary to review the
7 change.

8 SECTION 5.07. Sections 2025.055 and 2025.056, Occupations
9 Code, are amended to read as follows:

10 Sec. 2025.055. CONFIDENTIALITY OF APPLICATION DOCUMENTS.
11 Documents submitted to the department [~~commission~~] under Sections
12 2025.051-2025.054 by an applicant are subject to discovery in a
13 suit brought under this subtitle but are not public records and are
14 not subject to Chapter 552, Government Code.

15 Sec. 2025.056. BACKGROUND CHECK. (a) The department
16 [~~commission~~] shall require a complete personal, financial, and
17 business background check of the applicant or of any person who owns
18 an interest in or exercises control over an applicant for a
19 racetrack license, including the partners, stockholders,
20 concessionaires, management personnel, management firms, and
21 creditors.

22 (b) The department may [~~commission shall~~] refuse to issue or
23 renew a license or may revoke a license if [~~in the commission's~~
24 ~~sole discretion,~~] the background checks reveal anything that may be
25 detrimental to the public interest or the racing industry. A
26 proceeding under this section is subject to Subchapter G, Chapter
27 51.

1 (c) The executive director [~~commission~~] may not hold a
2 hearing on the application, or any part of the application, of a
3 racetrack license applicant before the 14th day after the date the
4 completed background check of the applicant has been on file with
5 the department [~~commission~~].

6 SECTION 5.08. Section [2025.057](#)(a), Occupations Code, is
7 amended to read as follows:

8 (a) The department [~~commission~~] may, at any time, require a
9 holder of or applicant for a racetrack license to post security in
10 an amount reasonably necessary, as provided by commission rule, to
11 adequately ensure the license holder's or applicant's compliance
12 with substantive requirements of this subtitle and commission
13 rules.

14 SECTION 5.09. Section [2025.058](#), Occupations Code, is
15 amended to read as follows:

16 Sec. 2025.058. NOTIFICATION OF COMPLETED APPLICATION. When
17 all requirements for the applicant's licensure described in this
18 chapter have been satisfied, the department [~~commission~~] shall
19 notify the applicant that the application is complete.

20 SECTION 5.10. Sections [2025.101](#)(b), (c), (e), and (f),
21 Occupations Code, are amended to read as follows:

22 (b) In considering an application for a horse racetrack
23 license under this chapter, the department [~~commission~~] shall give
24 additional weight to evidence concerning an applicant who has
25 experience operating a horse racetrack licensed under this
26 subtitle.

27 (c) The department [~~commission~~] may not issue a license to

1 operate a class 1 or class 2 racetrack or a greyhound racetrack to a
2 corporation unless:

3 (1) the corporation is incorporated under the laws of
4 this state; and

5 (2) a majority of any of its corporate stock is owned
6 at all times by individuals who meet the residency qualifications
7 prescribed by Section 2025.201 for individual applicants.

8 (e) Subsections (c) and (d) and Section 2025.201(a)(10)
9 [~~2025.201(a)(12)~~] do not apply to an applicant for or the holder of
10 a racetrack license if the applicant, the license holder, or the
11 license holder's parent company is a publicly traded company.

12 (f) The department [~~commission~~] may condition the issuance
13 of a license under this chapter on the observance of commission
14 rules. [~~The commission may amend the rules at any time and may
15 condition the continued holding of the license on compliance with
16 the rules as amended.~~]

17 SECTION 5.11. Section 2025.102, Occupations Code, is
18 amended to read as follows:

19 Sec. 2025.102. QUALIFICATIONS FOR ISSUANCE OF RACETRACK
20 LICENSE. (a) The department [~~commission~~] may issue a racetrack
21 license to a qualified person if the department [~~commission~~]:

22 (1) determines that the conduct of race meetings at
23 the proposed racetrack and location:

- 24 (A) will be in the public interest;
25 (B) complies with all zoning laws; and
26 (C) complies with this subtitle and commission
27 rules; and

1 (2) determines by clear and convincing evidence that
2 the applicant will comply with all criminal laws of this state.

3 (b) In determining whether to grant or deny an application
4 for any class of racetrack license, the department [~~commission~~] may
5 consider:

6 (1) the applicant's financial stability;

7 (2) the applicant's resources for supplementing the
8 purses for races for various breeds;

9 (3) the location of the proposed racetrack;

10 (4) the effect of the proposed racetrack on traffic
11 flow;

12 (5) facilities for patrons and occupational license
13 holders;

14 (6) facilities for race animals;

15 (7) availability to the racetrack of support services
16 and emergency services;

17 (8) the experience of the applicant's employees;

18 (9) the potential for conflict with other licensed
19 race meetings;

20 (10) the anticipated effect of the race meeting on the
21 horse or greyhound breeding industry in this state; and

22 (11) the anticipated effect of the race meeting on the
23 state and local economy from tourism, increased employment, and
24 other sources.

25 (c) The department [~~commission~~] shall make a determination
26 on a pending application not later than the 120th day after the date
27 the department [~~commission~~] provides the notice required under

1 Section 2025.058.

2 SECTION 5.12. Sections 2025.103(a), (c), and (d),
3 Occupations Code, are amended to read as follows:

4 (a) After a racetrack association has been granted a license
5 to operate a racetrack and before the completion of construction at
6 the designated place for which the license was issued, the
7 department [~~commission~~] may, on application by the racetrack
8 association, issue a temporary license that authorizes the
9 racetrack association to conduct races at a location in the same
10 county until the earlier of:

11 (1) the second anniversary of the date of issuance of
12 the temporary license; or

13 (2) the completion of the permanent facility.

14 (c) The department [~~commission~~] may set conditions and
15 standards for issuance of a temporary license and allocation of
16 appropriate race days.

17 (d) The department [~~commission~~] may not issue a new
18 temporary license or an extension of a temporary license to a person
19 or to an individual belonging to a corporation or association that
20 has been granted a temporary license after the temporary license
21 has expired.

22 SECTION 5.13. Sections 2025.104(a), (b), and (d),
23 Occupations Code, are amended to read as follows:

24 (a) The department [~~commission~~] shall designate each
25 racetrack license as an active license or an inactive license. The
26 department [~~commission~~] may change the designation of a racetrack
27 license as appropriate.

1 (b) The department [~~commission~~] shall designate a racetrack
2 license as an active license if the license holder:

3 (1) holds live racing events at the racetrack; or

4 (2) makes good faith efforts to conduct live racing.

5 (d) Before the first anniversary of the date a new racetrack
6 license is issued, the department [~~commission~~] shall conduct an
7 evaluation of the license to determine whether the license is an
8 active or inactive license.

9 SECTION 5.14. Section [2025.105](#), Occupations Code, is
10 amended by amending Subsections (a), (b), (c), (d), and (e) and
11 adding Subsection (g) to read as follows:

12 (a) The commission by rule shall establish an annual renewal
13 process for inactive licenses and may require the license holder to
14 provide any information required for an original license
15 application under this subtitle. An inactive license holder must
16 complete the annual renewal process established under this section
17 until the department [~~commission~~]:

18 (1) designates the license as an active license; or

19 (2) refuses to renew the license.

20 (b) In determining whether to renew an inactive license, the
21 department [~~commission~~] shall consider:

22 (1) the inactive license holder's:

23 (A) financial stability;

24 (B) ability to conduct live racing;

25 (C) ability to construct and maintain a
26 racetrack; and

27 (D) other good faith efforts to conduct live

1 racing; and

2 (2) other necessary factors considered in the issuance
3 of the original license.

4 (c) The department [~~commission~~] may refuse to renew an
5 inactive license if, after notice and a hearing, the department
6 [~~commission~~] determines that:

7 (1) renewal of the license is not in the best interests
8 of the racing industry or the public; or

9 (2) the license holder has failed to make a good faith
10 effort to conduct live racing.

11 (d) The department [~~commission~~] shall consult with members
12 of the racing industry and other key stakeholders in developing the
13 license renewal process under this section.

14 (e) The commission shall set and the department shall
15 collect renewal fees in amounts reasonable and necessary to cover
16 the costs of administering and enforcing this section.

17 (g) A proceeding under this section is a contested case for
18 purposes of Chapter 2001, Government Code.

19 SECTION 5.15. Section 2025.106, Occupations Code, is
20 amended to read as follows:

21 Sec. 2025.106. DEPARTMENT [~~COMMISSION~~] REVIEW OF ACTIVE
22 RACETRACK LICENSE; FEE. (a) The department [~~commission~~] shall
23 review the ownership and management of an active license issued
24 under this chapter every five years beginning on the fifth
25 anniversary of the date of issuance of the license.

26 (b) In performing the review, the department [~~commission~~]
27 may require the license holder to provide any information that

1 would be required to be provided in connection with an original
2 license application under this chapter.

3 (c) The department [~~commission~~] shall charge fees for the
4 review in amounts set by the commission as sufficient to implement
5 this section.

6 SECTION 5.16. Section 2025.107(b), Occupations Code, is
7 amended to read as follows:

8 (b) If the death of any person causes a violation of the
9 licensing provisions of this subtitle, the department [~~commission~~]
10 may issue, in accordance with commission rules, a temporary license
11 for a period not to exceed one year.

12 SECTION 5.17. Sections 2025.108 and 2025.151, Occupations
13 Code, are amended to read as follows:

14 Sec. 2025.108. RACETRACK LICENSE ANNUAL FEE. The
15 commission may prescribe a reasonable annual fee to be paid to the
16 department by each racetrack license holder. The fee must be in an
17 amount sufficient to provide that the total amount of fees imposed
18 under this section, the license fees prescribed under Section
19 2025.001(c), and the renewal fees prescribed under Section
20 2025.105(e) are sufficient to cover the costs of administering and
21 enforcing this subtitle.

22 Sec. 2025.151. LIMITATION ON NUMBER OF GREYHOUND RACETRACK
23 LICENSES. The department [~~commission~~] may not issue licenses for
24 more than three greyhound racetracks in this state.

25 SECTION 5.18. Section 2025.201, Occupations Code, is
26 amended by amending Subsections (a) and (c) and adding Subsection
27 (d) to read as follows:

1 (a) The department [~~commission~~] may refuse to issue a
2 racetrack license or may revoke or suspend a license if, after
3 notice and hearing, the department [~~commission~~] finds that the
4 applicant or license holder, as appropriate:

5 (1) has been convicted of a violation of this subtitle
6 or a commission rule, or has aided, abetted, or conspired to commit
7 a violation of this subtitle or a commission rule;

8 (2) has been convicted of a felony or misdemeanor [~~a~~
9 ~~crime involving moral turpitude~~], including a conviction for which
10 the punishment received was a suspended sentence, probation, or a
11 nonadjudicated conviction, that is reasonably related to the
12 person's present fitness to hold a license under this subtitle;

13 (3) [~~has violated or has caused to be violated this~~
14 ~~subtitle or a commission rule in a manner that involves moral~~
15 ~~turpitude, as distinguished from a technical violation of this~~
16 ~~subtitle or a rule,~~

17 [~~(4)~~] is unqualified, by experience or otherwise, to
18 perform the duties required of a license holder under this
19 subtitle;

20 (4) [~~(5)~~] failed to answer or falsely or incorrectly
21 answered a question in an application;

22 (5) [~~(6)~~] fails to disclose the true ownership or
23 interest in a horse or greyhound as required by commission rules;

24 (6) [~~(7)~~] is indebted to this state for any fee or for
25 the payment of a penalty imposed by this subtitle or a commission
26 rule;

27 (7) has developed an incapacity that prevents or could

1 prevent the applicant or license holder from conducting the
2 applicant's or license holder's business with reasonable skill and
3 competence and in a manner that does not endanger public safety;

4 ~~(8) [is not of good moral character or the person's~~
5 ~~reputation as a peaceable, law-abiding citizen in the community~~
6 ~~where the person resides is bad;~~

7 ~~(9)~~ is not at least the minimum age necessary to
8 purchase alcoholic beverages in this state;

9 (9) ~~[(10) is in the habit of using alcoholic beverages~~
10 ~~to an excess or uses a controlled substance as defined by Chapter~~
11 ~~481, Health and Safety Code, or a dangerous drug as defined in~~
12 ~~Chapter 483, Health and Safety Code, or is mentally incapacitated;~~

13 ~~[(11)]~~ may be excluded from an enclosure under this
14 subtitle;

15 (10) ~~[(12)]~~ has not been a United States citizen
16 residing in this state for the 10 consecutive years preceding the
17 filing of the application;

18 (11) ~~[(13)]~~ has improperly used a credential,
19 including a license certificate or identification card, issued
20 under this subtitle;

21 (12) ~~[(14)]~~ resides with a person whose license was
22 revoked for cause during the 12 months preceding the date of the
23 present application;

24 (13) ~~[(15) has failed or refused to furnish a true~~
25 ~~copy of the application to the commission's district office in the~~
26 ~~district in which the premises for which the license is sought are~~
27 ~~located;~~

1 [~~16~~] is engaged or has engaged in activities or
2 practices the department [~~commission~~] determines are detrimental
3 to the best interests of the public and the sport of horse racing or
4 greyhound racing; or

5 (14) [~~17~~] fails to fully disclose the true owners of
6 all interests, beneficial or otherwise, in a proposed racetrack.

7 (c) The department [~~commission~~] may refuse to issue a
8 license or may suspend or revoke a license of a license holder under
9 this subchapter who knowingly or intentionally allows access to an
10 enclosure where horse races or greyhound races are conducted to a
11 person:

12 (1) who has engaged in bookmaking, touting, or illegal
13 wagering;

14 (2) whose income is from illegal activities or
15 enterprises; or

16 (3) who has been convicted of a violation of this
17 subtitle.

18 (d) A proceeding under this section is a contested case for
19 purposes of Chapter 2001, Government Code.

20 SECTION 5.19. Section 2025.202(b), Occupations Code, is
21 amended to read as follows:

22 (b) Notwithstanding the requirements of Section 2033.151,
23 if, after notice and hearing as provided by Section 2033.152, the
24 commission finds that a racetrack license holder or a person
25 employed by the racetrack has violated this subtitle or a
26 commission rule, or if the department [~~commission~~] finds during a
27 review or renewal that the racetrack is ineligible for a license

1 under this chapter, the commission may:

- 2 (1) revoke, suspend, or refuse to renew the racetrack
- 3 license;
- 4 (2) impose an administrative penalty as provided under
- 5 Section 2033.051; or
- 6 (3) take any other action as provided by commission
- 7 rule.

8 SECTION 5.20. Section 2025.203(a), Occupations Code, is

9 amended to read as follows:

10 (a) The executive director [~~commission~~] may summarily

11 suspend a racetrack license if the executive director [~~commission~~]

12 determines that a racetrack at which races or pari-mutuel wagering

13 are conducted under the license is being operated in a manner that

14 constitutes an immediate threat to the health, safety, or welfare

15 of the racing participants or the patrons.

16 SECTION 5.21. Section 2025.204(d), Occupations Code, is

17 amended to read as follows:

18 (d) At the hearing, the department [~~commission~~] has the

19 burden of proof and must present evidence in support of the order.

20 The license holder requesting the hearing may cross-examine

21 witnesses and show cause why the order should not be affirmed.

22 SECTION 5.22. Sections 2025.205, 2025.251, 2025.253,

23 2025.254, and 2025.255, Occupations Code, are amended to read as

24 follows:

25 Sec. 2025.205. SUMMARY SUSPENSION FINAL ORDER. (a) After

26 the hearing on the suspension of a racetrack license, the

27 commission [~~executive director~~] shall affirm, modify, or set aside,

1 wholly or partly, the summary suspension order. An order affirming
2 or modifying the summary suspension order is final for purposes of
3 enforcement and appeal.

4 (b) A final order under this section may be appealed in the
5 manner provided by Subchapter G, Chapter 2001, Government Code.

6 Sec. 2025.251. OCCUPATIONAL LICENSE REQUIRED. (a) Except
7 as provided by this section, a person, other than as a spectator or
8 as a person placing a wager, may not participate in racing with
9 pari-mutuel wagering without first obtaining a license from the
10 department [~~commission~~]. A person may not engage in any occupation
11 for which commission rules require a license under this subtitle
12 without first obtaining a license from the department [~~commission~~].

13 (b) The commission by rule shall categorize the occupations
14 of racetrack employees and determine the occupations that afford
15 the employee an opportunity to influence racing with pari-mutuel
16 wagering. The rules must require an employee to be licensed under
17 this subtitle if the employee:

18 (1) works in an occupation determined by the
19 department [~~commission~~] to afford the employee an opportunity to
20 influence racing with pari-mutuel wagering; or

21 (2) will likely have significant access to the
22 backside of a racetrack or to restricted areas of the frontside of a
23 racetrack.

24 (c) The commission by rule may require the following persons
25 to hold an occupational license under this subtitle:

26 (1) an adoption program employee;

27 (2) an announcer;

- 1 (3) an apprentice jockey;
- 2 (4) an assistant farrier, plater, or blacksmith;
- 3 (5) an assistant starter;
- 4 (6) an assistant trainer;
- 5 (7) an assistant trainer/owner;
- 6 (8) an association assistant management employee;
- 7 (9) an association management employee;
- 8 (10) an association officer or director;
- 9 (11) an association staff employee;
- 10 (12) an association employee other than an employee
11 described in this subsection;
- 12 (13) an association veterinarian;
- 13 (14) an authorized agent;
- 14 (15) a chaplain;
- 15 (16) a chaplain assistant;
- 16 (17) an equine dental provider;
- 17 (18) an exercise rider;
- 18 (19) a farrier, plater, or blacksmith;
- 19 (20) a groom/exercise rider;
- 20 (21) a groom/hot walker;
- 21 (22) a groom/pony person;
- 22 (23) a jockey;
- 23 (24) a jockey agent;
- 24 (25) a kennel helper;
- 25 (26) a kennel owner;
- 26 (27) a kennel owner/owner;
- 27 (28) a kennel owner/owner/trainer;

- 1 (29) a kennel owner/trainer;
2 (30) a kennel registration employee;
3 (31) a lead-out;
4 (32) a maintenance employee;
5 (33) a medical employee;
6 (34) miscellaneous racetrack employees;
7 (35) a multiple owner/stable/farm registration
8 employee;
9 (36) a mutuel clerk;
10 (37) a mutuel employee other than a clerk;
11 (38) an owner;
12 (39) an owner-trainer;
13 (40) a pony person;
14 (41) a racing industry representative;
15 (42) a racing industry employee;
16 (43) a racing official;
17 (44) a security officer;
18 (45) a stable foreman;
19 (46) a tattooer;
20 (47) a test technician;
21 (48) a trainer;
22 (49) a training facility employee;
23 (50) a training facility general manager;
24 (51) a valet;
25 (52) a vendor concessionaire;
26 (53) a vendor concessionaire employee;
27 (54) a vendor-totalisator company;

1 (55) a vendor-totalisator employee;

2 (56) a veterinarian; and

3 (57) a veterinarian assistant.

4 Sec. 2025.253. EXAMINATION NOTIFICATION. (a) If an
5 examination is required for the issuance of a license under this
6 subchapter, the department [~~commission~~] shall notify each examinee
7 of the results of the examination not later than the 30th day after
8 the date the licensing examination is administered under this
9 subtitle.

10 (b) If requested in writing by a person who fails a
11 licensing examination administered under this subtitle, the
12 department [~~commission~~] shall furnish the person with an analysis
13 of the person's performance on the examination.

14 Sec. 2025.254. ISSUANCE OF LICENSE. The department
15 [~~commission~~] shall issue a license to a qualified person on
16 application and payment of the license fee.

17 Sec. 2025.255. ISSUANCE OF IDENTIFICATION CARD. The
18 department [~~commission~~] shall issue a license certificate under
19 this subchapter in the form of an identification card with a
20 photograph and other information as prescribed by the department
21 [~~commission~~].

22 SECTION 5.23. Section [2025.256\(c\)](#), Occupations Code, is
23 amended to read as follows:

24 (c) In setting the fee schedule under Subsection (a), the
25 commission shall include the cost of criminal history record
26 information obtained under Section [2023.058](#). The department
27 [~~commission~~] may determine the best method for recovering this cost

1 and complying with this section, including collecting the costs
2 over an extended period.

3 SECTION 5.24. Section 2025.258(a), Occupations Code, is
4 amended to read as follows:

5 (a) The department [~~commission~~] shall obtain criminal
6 history record information on each applicant renewing an
7 occupational license under this subchapter.

8 SECTION 5.25. Section 2025.259, Occupations Code, is
9 amended to read as follows:

10 Sec. 2025.259. LICENSE VALID THROUGHOUT STATE. A license
11 issued under this subchapter is valid, as determined by the
12 department [~~commission~~], at all race meetings conducted in this
13 state.

14 SECTION 5.26. Section 2025.260(a), Occupations Code, is
15 amended to read as follows:

16 (a) Pending investigation of an applicant's qualifications
17 to receive an original or renewal license, the department
18 [~~commission~~] may issue a temporary license to an applicant under
19 this subchapter whose application appears to comply with the
20 requirements of law and who has paid the necessary fee.

21 SECTION 5.27. Sections 2025.261 and 2025.262, Occupations
22 Code, are amended to read as follows:

23 Sec. 2025.261. RECIPROCAL LICENSES; OUT-OF-STATE
24 APPLICANTS. (a) The executive director [~~commission~~] may waive any
25 prerequisite to obtaining a license for an applicant, including any
26 requirement to submit a set of fingerprints, after reviewing the
27 applicant's credentials and determining that the applicant holds a

1 license from another state that has license requirements
2 substantially equivalent to the requirements of this state.

3 (b) The executive director [~~commission~~] may waive any
4 prerequisite to obtaining a license, including any requirement to
5 submit a set of fingerprints, for an applicant who holds a license
6 from another state with which this state has a reciprocity
7 agreement. The department [~~commission~~] may enter into agreements
8 with other states to allow for licensing by reciprocity.

9 Sec. 2025.262. GROUNDS FOR DENIAL, REVOCATION, AND
10 SUSPENSION OF OCCUPATIONAL LICENSE. (a) The department
11 [~~commission~~] may refuse to issue any original or renewal license
12 under this subchapter or may revoke or suspend the license if, after
13 notice and hearing, the department [~~commission~~] finds that the
14 applicant or license holder, as appropriate:

15 (1) has been convicted of a violation of this subtitle
16 or a commission rule or has aided, abetted, or conspired to commit a
17 violation of this subtitle or a commission rule;

18 (2) has been convicted of a felony or misdemeanor [~~a~~
19 ~~crime involving moral turpitude~~] that is reasonably related to the
20 person's present fitness to hold a license under this subtitle;

21 (3) [~~has violated or has caused to be violated this~~
22 ~~subtitle or a commission rule in a manner that involves moral~~
23 ~~turpitude, as distinguished from a technical violation of this~~
24 ~~subtitle or a rule,~~

25 [~~(4)~~] is unqualified, by experience or otherwise, to
26 perform the duties required of a license holder under this
27 subtitle;

1 (4) [~~(5)~~] failed to answer or has falsely or
2 incorrectly answered a question in an original or renewal
3 application;

4 (5) [~~(6)~~] fails to disclose the true ownership or
5 interest in a horse or greyhound as required by commission rules;

6 (6) [~~(7)~~] is indebted to this state for any fee or for
7 the payment of a penalty imposed by this subtitle or a commission
8 rule;

9 (7) has developed an incapacity that prevents or could
10 prevent the applicant or license holder from conducting the
11 applicant's or license holder's business with reasonable skill and
12 competence and in a manner that does not endanger public safety;

13 ~~(8) [is not of good moral character or the person's~~
14 ~~reputation as a peaceable, law-abiding citizen in the community~~
15 ~~where the person resides is bad;~~

16 ~~[(9) is in the habit of using alcoholic beverages to an~~
17 ~~excess or uses a controlled substance as defined in Chapter 481,~~
18 ~~Health and Safety Code, or a dangerous drug as defined in Chapter~~
19 ~~483, Health and Safety Code, or is mentally incapacitated;~~

20 ~~[(10)]~~ may be excluded from an enclosure under this
21 subtitle;

22 (9) [~~(11)~~] has improperly used a temporary pass,
23 license certificate, credential, or identification card issued
24 under this subtitle;

25 (10) [~~(12)~~] resides with a person whose license was
26 revoked for cause during the 12 months preceding the date of the
27 present application;

1 (11) [~~(13)~~] has failed or refused to furnish a true
2 copy of the application to the department's [~~commission's~~] district
3 office in the district in which the premises for which the license
4 is sought are located; or

5 (12) [~~(14)~~] is engaged or has engaged in activities or
6 practices that are detrimental to the best interests of the public
7 and the sport of horse racing or greyhound racing.

8 (b) A proceeding under this section is a contested case for
9 purposes of Chapter 2001, Government Code.

10 ARTICLE 6. RACETRACK OPERATIONS AND PREMISES

11 SECTION 6.01. Section 2026.003, Occupations Code, is
12 amended to read as follows:

13 Sec. 2026.003. FINANCIAL DISCLOSURE. (a) The commission
14 by rule shall require that each racetrack association that holds a
15 license for a class 1 racetrack, class 2 racetrack, or greyhound
16 racetrack annually file with the department [~~commission~~] a detailed
17 financial statement that:

18 (1) contains the names and addresses of all
19 stockholders, members, and owners of any interest in the racetrack;

20 (2) indicates compliance during the filing period with
21 Section 2025.101; and

22 (3) includes any other information required by the
23 department [~~commission~~].

24 (b) Each transaction that involves an acquisition or a
25 transfer of a pecuniary interest in the racetrack association must
26 receive prior approval from the department [~~commission~~]. A
27 transaction that changes the ownership of the racetrack association

1 requires submission of updated information of the type required to
2 be disclosed under Section 2025.052 and payment of a fee to recover
3 the costs of the criminal background check.

4 SECTION 6.02. Section 2026.004(b), Occupations Code, is
5 amended to read as follows:

6 (b) If the racetrack or enclosure designated in the license
7 becomes unsuitable for racing because of fire, flood, or other
8 catastrophe, the affected racetrack association, with the prior
9 approval of the executive director [~~commission~~], may conduct a race
10 meeting or any remaining portion of a meeting temporarily at any
11 other racetrack if the other racetrack license holder:

12 (1) is licensed by the department [~~commission~~] to
13 conduct the same type of racing as may be conducted by the affected
14 racetrack association; and

15 (2) consents to the usage.

16 SECTION 6.03. Sections 2026.005 and 2026.006, Occupations
17 Code, are amended to read as follows:

18 Sec. 2026.005. CHANGE OF RACING LOCATION. On request of a
19 racetrack association, the department [~~commission~~] shall amend a
20 racetrack license to change the location of the racetrack if the
21 department [~~commission~~] determines that:

22 (1) the conduct of race meetings at the proposed new
23 location will be in the public interest;

24 (2) there was not a competing applicant for the
25 original license; and

26 (3) the racetrack association's desire to change
27 location is not the result of a subterfuge in the original licensing

1 proceeding.

2 Sec. 2026.006. LEASE OF RACETRACK PREMISES. (a) The
3 commission by rule may provide for the department to authorize a
4 racetrack association, as lessee, to contract for the lease of a
5 racetrack and the surrounding structures.

6 (b) The department [~~commission~~] may not approve a lease if:

7 (1) the lease appears to be a subterfuge to evade
8 compliance with Section 2025.101 or 2025.201;

9 (2) the racetrack and surrounding structures do not
10 conform to the rules adopted under this subtitle; or

11 (3) the lessee, prospective lessee, or lessor is
12 disqualified from holding a racetrack license.

13 (c) Each lessor and lessee under this section must comply
14 with the disclosure requirements of Section 2025.052(a)(1). The
15 department [~~commission~~] may not approve a lease if the lessor and
16 lessee do not provide the required information.

17 SECTION 6.04. Section 2026.007(e), Occupations Code, is
18 amended to read as follows:

19 (e) The commission shall adopt rules implementing this
20 section, including rules:

21 (1) requiring the report and correction of:

22 (A) an inappropriate condition on the premises of
23 a racetrack, including a failure to properly maintain the premises,
24 that interferes with the administration of this subtitle; and

25 (B) a condition on the premises that makes the
26 premises unsafe for a race participant, patron, or animal; and

27 (2) determining the methods and manner by which the

1 executive director may determine and remedy inappropriate or unsafe
2 conditions on the premises, including the methods and manner in
3 which the department [~~executive director~~] may conduct inspections
4 of the premises and remedy emergency situations.

5 SECTION 6.05. Section 2026.008, Occupations Code, is
6 amended to read as follows:

7 Sec. 2026.008. SUPERVISION OF CONSTRUCTION, RENOVATION,
8 AND MAINTENANCE; ENFORCEMENT. (a) The commission by rule shall
9 adopt a method of supervising and approving the construction,
10 renovation, or maintenance of any building or improvement on the
11 premises of a racetrack.

12 (b) The commission shall adopt rules relating to:

- 13 (1) the approval of plans and specifications;
- 14 (2) the contents of plans and specifications;
- 15 (3) the maintenance of records to ensure compliance
16 with approved plans and specifications;
- 17 (4) the content and filing of construction progress
18 reports by the racetrack association to the department
19 [~~commission~~];
- 20 (5) the inspection by the department [~~commission~~] or
21 others;
- 22 (6) the method for making a change or amendment to an
23 approved plan or specification; and
- 24 (7) any other method of supervision or oversight
25 necessary.

26 (c) If the department [~~commission~~] has grounds to believe
27 that a racetrack association has failed to comply with the

1 requirements of this section, a representative of the racetrack
2 association shall appear before the commission or department to
3 consider the issue of compliance with rules adopted under this
4 section.

5 (d) Before a building or improvement may be used by a
6 racetrack association, the department [~~commission~~] shall determine
7 whether:

8 (1) the construction, renovation, or maintenance of
9 the building or improvement was completed in accordance with the
10 approved plans and specifications; and

11 (2) other [~~commission~~] requirements under this
12 subtitle were met.

13 (e) If the department [~~commission~~] determines that the
14 racetrack association failed to comply with a requirement of this
15 section or a rule adopted under this section, the department
16 [~~commission~~] shall initiate an enforcement action against the
17 racetrack association. In addition to any other authorized
18 enforcement action, the department [~~commission~~] may rescind any
19 live or simulcast race date of any racetrack association that has
20 failed to comply with the requirements of this section.

21 SECTION 6.06. Section [2026.013](#)(b), Occupations Code, is
22 amended to read as follows:

23 (b) The department [~~commission~~] may impose disciplinary
24 action against a racetrack for violations of this subtitle and
25 commission rules by the racetrack's employees as provided by
26 Section [2025.202](#).

27 SECTION 6.07. Section [2026.051](#), Occupations Code, is

1 amended to read as follows:

2 Sec. 2026.051. COMMISSION RULES REGARDING EXCLUSION OR
3 EJECTION. The commission shall adopt rules providing for the
4 exclusion or ejection from an enclosure where horse or greyhound
5 races are conducted, or from specified portions of an enclosure, of
6 a person:

7 (1) who has engaged in bookmaking, touting, or illegal
8 wagering;

9 (2) whose income is from illegal activities or
10 enterprises;

11 (3) who has been convicted of a violation of this
12 subtitle;

13 (4) who has been convicted of theft;

14 (5) who has been convicted under the penal law of
15 another jurisdiction for committing an act that would have
16 constituted a violation of any rule described in this section;

17 (6) who has committed a corrupt or fraudulent act in
18 connection with horse or greyhound racing or pari-mutuel wagering
19 or who has committed any act tending or intended to corrupt horse or
20 greyhound racing or pari-mutuel wagering;

21 (7) who is under suspension or has been excluded or
22 ejected from a racetrack by the department [~~commission~~] or a
23 steward in this state or by a corresponding authority in another
24 state because of corrupt or fraudulent practices or other acts
25 detrimental to racing;

26 (8) who has submitted a forged pari-mutuel ticket or
27 has altered or forged a pari-mutuel ticket for cashing or who has

1 cashed or caused to be cashed an altered, raised, or forged
2 pari-mutuel ticket;

3 (9) [~~who has been convicted of committing a lewd or~~
4 ~~lascivious act or other crime involving moral turpitude,~~

5 [~~(10)~~] who is guilty of [~~boisterous or~~] disorderly
6 conduct while inside an enclosure;

7 (10) [~~(11)~~] who is an agent [~~or habitual associate~~] of
8 a person excludable under this section; or

9 (11) [~~(12)~~] who has been convicted of a felony.

10 SECTION 6.08. Sections 2026.052(a) and (b), Occupations
11 Code, are amended to read as follows:

12 (a) A person who is excluded or ejected from an enclosure
13 under a commission rule may apply to the department [~~commission~~]
14 for a hearing on the question of the applicability of the rule to
15 that person.

16 (b) A proceeding [~~An application for a hearing~~] under this
17 section is [~~Subsection (a) constitutes~~] a contested case for
18 purposes of [~~under~~] Chapter 2001, Government Code. If, after a
19 hearing as provided under Subchapter C of that chapter, the
20 commission determines that the exclusion or ejection was proper:

21 (1) the commission shall issue an order to that effect
22 [~~and enter the order in the commission's minutes~~]; and

23 (2) the person shall continue to be excluded from each
24 racetrack association's enclosure.

25 SECTION 6.09. Section 2026.102(a), Occupations Code, is
26 amended to read as follows:

27 (a) A class 1 racetrack is a racetrack on which live racing

1 is conducted for a number of days in a calendar year, as determined
2 by the department [~~commission~~] under Subchapter A, Chapter 2029.

3 SECTION 6.10. Section 2026.103, Occupations Code, is
4 amended to read as follows:

5 Sec. 2026.103. CLASS 2 RACETRACK. (a) A class 2 racetrack
6 is a racetrack on which live racing is conducted for a number of
7 days, as determined by the department [~~commission~~] under Subchapter
8 A, Chapter 2029.

9 (b) A class 2 racetrack is entitled to conduct 60 days of
10 live racing in a calendar year. A racetrack association may request
11 additional or fewer days of live racing. If, after receipt of a
12 request from a racetrack association, the department [~~commission~~]
13 determines additional or fewer days to be economically feasible and
14 in the best interest of this state and the racing industry, the
15 department [~~commission~~] shall grant the request.

16 (c) The department [~~commission~~] may permit a racetrack
17 association that holds a class 2 racetrack license and that is
18 located in a national historic district to conduct horse races for
19 more than 60 days in a calendar year.

20 SECTION 6.11. Section 2026.105(b), Occupations Code, is
21 amended to read as follows:

22 (b) A racetrack association that holds a class 4 racetrack
23 license may conduct live races for a number of days not to exceed
24 five days in a calendar year on dates selected by the racetrack
25 association and approved by the department [~~commission~~].

26 SECTION 6.12. Section 2026.106, Occupations Code, is
27 amended to read as follows:

1 Sec. 2026.106. WAIVER OR DEFERRAL OF CERTAIN STANDARDS FOR
2 CLASS 4 RACETRACK. (a) In considering an application for a class 4
3 racetrack license, except as provided by Subsection (b), the
4 executive director [~~commission~~] may waive or defer compliance with
5 the department's [~~commission's~~] standards regarding the physical
6 facilities or operations of a horse racetrack.

7 (b) The executive director [~~commission~~] may not waive or
8 defer compliance with standards that relate to the testing of
9 horses or license holders for the presence of a prohibited
10 substance, including a prohibited drug or chemical.

11 (c) If the executive director [~~commission~~] defers
12 compliance, the department [~~commission~~] shall, when granting the
13 application, establish a schedule under which the license holder
14 must comply with the standards.

15 SECTION 6.13. Section 2026.107(b), Occupations Code, is
16 amended to read as follows:

17 (b) The number of race dates allowed under this subchapter
18 relates only to live race dates. A racetrack may present simulcast
19 races on other dates as approved by the department [~~commission~~].

20 SECTION 6.14. Sections 2026.151 and 2026.152, Occupations
21 Code, are amended to read as follows:

22 Sec. 2026.151. DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED.

23 (a) All concession, management, and totalisator contracts
24 submitted by an applicant under Section 2025.054 must have the
25 prior approval of the department [~~commission~~].

26 (b) The department [~~commission~~] shall refuse to approve a
27 concession or management contract if, in the sole discretion of the

1 department [~~commission~~], the background checks conducted under
2 Section 2025.056 reveal anything that might be detrimental to the
3 public interest or the racing industry.

4 Sec. 2026.152. DEPARTMENT [~~COMMISSION~~] REVIEW OF SECURITY
5 PLANS AND CERTAIN CONTRACTS. (a) On receipt of a plan for the
6 security of a racetrack, or a copy of a concession, management, or
7 totalisator contract for review under Section 2026.151, the
8 department [~~commission~~] shall review the security plan or contract
9 [~~in an executive session~~]. Documents submitted by an applicant to
10 the department [~~commission~~] under this section or Section 2025.052
11 or 2025.054 are subject to discovery in a suit brought under this
12 subtitle but are not public records and are not subject to Chapter
13 552, Government Code.

14 (b) In reviewing and approving contracts under Subsection
15 (a), the department [~~commission~~] shall attempt to ensure the
16 involvement of minority-owned businesses whenever possible.

17 SECTION 6.15. Section 2026.153(b), Occupations Code, is
18 amended to read as follows:

19 (b) The department [~~commission~~] may not approve a
20 management contract to operate or manage a racetrack owned by a
21 governmental entity unless the racetrack license holder is an owner
22 of the entity that proposes to manage the racetrack.

23 ARTICLE 7. WAGERING

24 SECTION 7.01. Section 2027.001(b), Occupations Code, is
25 amended to read as follows:

26 (b) Rules adopted under this subtitle must include rules to:
27 (1) regulate wagering by a person licensed under this

1 subtitle;

2 (2) prohibit wagering by a department [~~commission~~]
3 employee;

4 (3) prohibit a racetrack association from accepting a
5 wager made by telephone; and

6 (4) prohibit a racetrack association from accepting a
7 wager made on credit.

8 SECTION 7.02. Sections 2027.003 and 2027.004, Occupations
9 Code, are amended to read as follows:

10 Sec. 2027.003. WAGERING COMPUTATION EQUIPMENT. (a)
11 Wagering authorized under this chapter may be calculated only by
12 state-of-the-art computational equipment approved by the
13 department [~~commission~~].

14 (b) The department [~~commission~~] may not require the use of a
15 particular make of equipment.

16 Sec. 2027.004. AUTOMATED TELLER MACHINES: RULES,
17 LIMITATIONS, AND FEES. (a) The commission shall:

18 (1) adopt rules providing for the use of automated
19 teller machines in an enclosure; and

20 (2) direct the department to limit the use of
21 automated teller machines by allowing a person access only to the
22 person's checking account at a bank or other financial institution.

23 (b) A racetrack association that allows an automated teller
24 machine in an enclosure as provided by Subsection (a) shall collect
25 a fee of \$1 for each transaction authorized under that subsection
26 and forward the fee to the department [~~commission~~].

27 (c) The commission shall:

1 (1) adopt rules providing for collection, reporting,
2 and auditing of the transaction fee authorized under Subsection
3 (b); and

4 (2) direct the department to deposit the fee collected
5 under Subsection (b) to the credit of the general revenue fund.

6 SECTION 7.03. Section 2027.006(d), Occupations Code, is
7 amended to read as follows:

8 (d) If the racetrack association refuses to pay a claimant
9 who has established satisfactorily a right to distribution from a
10 pari-mutuel pool, the claimant may appeal to the department
11 [~~commission~~] under procedures prescribed by commission rule.

12 SECTION 7.04. Section 2027.052(a), Occupations Code, is
13 amended to read as follows:

14 (a) This subtitle may not be construed to allow wagering in
15 this state on simulcast races at any location other than a racetrack
16 licensed under this subtitle that has been granted live race dates
17 by the department [~~commission~~].

18 SECTION 7.05. The heading to Section 2027.053, Occupations
19 Code, is amended to read as follows:

20 Sec. 2027.053. DEPARTMENT [~~COMMISSION~~] APPROVAL REQUIRED
21 FOR PARI-MUTUEL POOL INCLUSION.

22 SECTION 7.06. Section 2027.053(a), Occupations Code, is
23 amended to read as follows:

24 (a) With department [~~commission~~] approval:

25 (1) wagers accepted on a simulcast race by any
26 out-of-state receiving location may be included in the pari-mutuel
27 pool for the race at the sending in-state racetrack association;

1 and

2 (2) wagers accepted by an in-state racetrack
3 association on a race simulcast from out-of-state may be included
4 in the pari-mutuel pools for the race at the out-of-state sending
5 track.

6 SECTION 7.07. Section 2027.054(c), Occupations Code, is
7 amended to read as follows:

8 (c) The department [~~commission~~] may not approve wagering on
9 an interstate simulcast race unless the receiving location consents
10 to wagering on interstate simulcast races at all other receiving
11 locations in this state.

12 ARTICLE 8. PARI-MUTUEL POOLS, PURSES, AND FEES

13 SECTION 8.01. The heading to Subchapter A, Chapter 2028,
14 Occupations Code, is amended to read as follows:

15 SUBCHAPTER A. [~~COMMISSION~~] OVERSIGHT OF PARI-MUTUEL RACING FUNDS

16 SECTION 8.02. Section 2028.001(a), Occupations Code, is
17 amended to read as follows:

18 (a) For any organization that receives funds generated by
19 live or simulcast pari-mutuel racing, the commission shall adopt
20 rules specifying the reporting, monitoring, and auditing
21 requirements or other appropriate performance measures for:

22 (1) any funds distributed to or used by the
23 organization; and

24 (2) any function or service provided by the
25 expenditure of the funds described by Subdivision (1).

26 SECTION 8.03. Sections 2028.002 and 2028.003, Occupations
27 Code, are amended to read as follows:

1 Sec. 2028.002. INDEPENDENT AUDIT REPORT; RECORDS REVIEW.

2 (a) An organization that receives funds generated by live or
3 simulcast pari-mutuel racing shall annually file with the
4 department [~~commission~~] a copy of an audit report prepared by an
5 independent certified public accountant. The audit must include a
6 verification of any performance report sent to or required by the
7 department [~~commission~~].

8 (b) The department [~~commission~~] may review any record or
9 book of an organization that submits an independent audit to the
10 department [~~commission~~] as the department [~~commission~~] determines
11 necessary to confirm or further investigate the findings of an
12 audit or report.

13 Sec. 2028.003. SUSPENSION AND WITHHOLDING OF FUNDS. The
14 commission [~~by rule~~] may adopt rules authorizing the department to
15 suspend or withhold funds from an organization:

16 (1) that the department [~~commission~~] determines has
17 failed to comply with the requirements or performance measures
18 adopted under Section 2028.001; or

19 (2) for which material questions on the use of funds by
20 the organization are raised following an independent audit or other
21 report to the department [~~commission~~].

22 SECTION 8.04. Section 2028.102(e), Occupations Code, is
23 amended to read as follows:

24 (e) A horse racetrack association may pay a portion of the
25 revenue set aside under this section to an organization recognized
26 under Section 2023.051, as provided by a contract approved by the
27 department [~~commission~~].

1 SECTION 8.05. Sections 2028.103(a) and (a-1), Occupations
2 Code, are amended to read as follows:

3 (a) A horse racetrack association shall set aside for the
4 Texas-bred program and pay to the department [~~commission~~] an amount
5 equal to one percent of a live multiple two wagering pool and a live
6 multiple three wagering pool. From the set-aside amounts:

7 (1) two percent shall be set aside for purposes of
8 Subchapter F, Chapter 88, Education Code; and

9 (2) the remaining amount shall be allocated as
10 follows:

11 (A) 10 percent may be used by the appropriate
12 state horse breed registry for administration; and

13 (B) the remainder shall be used for awards.

14 (a-1) The department [~~commission~~] shall deposit money paid
15 to the commission under Subsection (a) into the Texas-bred
16 incentive fund established under Section 2028.301. The department
17 [~~commission~~] shall distribute the money collected under this
18 section and deposited into the fund to the appropriate state horse
19 breed registries for the Texas-bred program in accordance with
20 rules adopted under Subsection (c).

21 SECTION 8.06. Sections 2028.105(b), (d), and (d-1),
22 Occupations Code, are amended to read as follows:

23 (b) A horse racetrack association shall pay to the
24 department [~~commission~~] for use by the appropriate state horse
25 breed registry, subject to commission rules, 10 percent of the
26 total breakage from a live pari-mutuel pool or a simulcast
27 pari-mutuel pool. The appropriate state horse breed registries are

1 as follows:

2 (1) the Texas Thoroughbred [~~Breeders~~] Association for
3 Thoroughbred horses;

4 (2) the Texas Quarter Horse Association for quarter
5 horses;

6 (3) the Texas Appaloosa Horse Club for Appaloosa
7 horses;

8 (4) the Texas Arabian Breeders Association for Arabian
9 horses; and

10 (5) the Texas Paint Horse Breeders Association for
11 paint horses.

12 (d) The horse racetrack association shall pay to the
13 department [~~commission~~] for deposit into the Texas-bred incentive
14 fund established under Section 2028.301 and distribution to the
15 appropriate state horse breed registry the remaining 80 percent of
16 the total breakage to be allocated as follows:

17 (1) 40 percent to the owners of the accredited
18 Texas-bred horses that finish first, second, or third;

19 (2) 40 percent to the breeders of accredited
20 Texas-bred horses that finish first, second, or third; and

21 (3) 20 percent to the owner of the stallion standing in
22 this state at the time of conception whose Texas-bred get finish
23 first, second, or third.

24 (d-1) The department [~~commission~~] shall deposit the
25 portions of total breakage paid to the department [~~commission~~]
26 under Subsections (b) and (d) into the Texas-bred incentive fund
27 established under Section 2028.301. The department [~~commission~~]

1 shall distribute the money collected under this section and
2 deposited into the fund to the appropriate state horse breed
3 registries in accordance with this section and with rules adopted
4 by the commission under Section 2028.103.

5 SECTION 8.07. Section 2028.154(a), Occupations Code, is
6 amended to read as follows:

7 (a) A greyhound racetrack association shall pay 50 percent
8 of the breakage to the appropriate state greyhound breed
9 registry. Of that breakage percentage:

10 (1) 25 percent is to be used in stakes races; and

11 (2) 25 percent of that total breakage from a live
12 pari-mutuel pool or a simulcast pari-mutuel pool is to be paid to
13 the department [~~commission~~] for deposit into the Texas-bred
14 incentive fund established under Section 2028.301. The department
15 [~~commission~~] shall distribute the money collected under this
16 section and deposited into the fund to the state greyhound breed
17 registry for use in accordance with this section and commission
18 rules.

19 SECTION 8.08. Section 2028.201, Occupations Code, is
20 amended to read as follows:

21 Sec. 2028.201. RULES. (a) The commission shall adopt
22 rules relating to this subchapter and the oversight of the amounts
23 allocated under Sections 2028.202(b)(1), (2), and (3)
24 [~~2028.202(b)~~] and (c).

25 (b) The commission shall adopt rules relating to the
26 oversight of the amounts allocated under Section 2028.202(b)(4).

27 SECTION 8.09. Sections 2028.202(a), (a-1), and (b),

1 Occupations Code, are amended to read as follows:

2 (a) A racetrack association shall distribute from the total
3 amount deducted as provided by Sections 2028.101 and 2028.152 from
4 each simulcast pari-mutuel pool and each simulcast cross-species
5 pari-mutuel pool the following shares:

6 (1) an amount equal to one percent of each simulcast
7 pari-mutuel pool to the department [~~commission~~] for the
8 administration of this subtitle;

9 (2) an amount equal to 1.25 percent of each simulcast
10 cross-species pari-mutuel pool to the department [~~commission~~] for
11 the administration of this subtitle;

12 (3) for a horse racetrack association, an amount equal
13 to one percent of a multiple two wagering pool or multiple three
14 wagering pool as the amount set aside for the Texas-bred program to
15 be used as provided by Section 2028.103;

16 (4) for a greyhound racetrack association, an amount
17 equal to one percent of a multiple two wagering pool or a multiple
18 three wagering pool as the amount set aside for the Texas-bred
19 program for greyhound races, to be distributed and used in
20 accordance with commission rules adopted to promote greyhound
21 breeding in this state; and

22 (5) the remainder as the amount set aside for purses,
23 expenses, the sending track, and the receiving location under a
24 contract approved by the department [~~commission~~] between the
25 sending track and the receiving location.

26 (a-1) A racetrack association shall pay to the department
27 [~~commission~~] for deposit into the Texas-bred incentive fund

1 established under Section 2028.301 the shares to be distributed
2 under Subsections (a)(3) and (a)(4) for the Texas-bred program.
3 The department [~~commission~~] shall distribute the money collected
4 under this section and deposited into the fund to the appropriate
5 state breed registries for use under the Texas-bred program.

6 (b) From the total amount deducted under Subsection (a), a
7 greyhound racetrack association that receives an interstate
8 cross-species simulcast signal shall distribute the following
9 amounts from each pari-mutuel pool wagered on the signal at the
10 racetrack:

11 (1) a fee of 1.5 percent to be paid to the racetrack in
12 this state sending the signal;

13 (2) a purse in the amount of 0.75 percent to be paid to
14 the official state horse breed registry for Thoroughbred horses for
15 use as purses at racetracks in this state;

16 (3) a purse in the amount of 0.75 percent to be paid to
17 the official state horse breed registry for quarter horses for use
18 as purses at racetracks in this state; and

19 (4) a purse of 4.5 percent to be deposited in the horse
20 industry escrow account as [~~escrowed with the commission in the~~
21 ~~manner~~] provided by Section 2028.204.

22 SECTION 8.10. Sections 2028.203 and 2028.204, Occupations
23 Code, are amended to read as follows:

24 Sec. 2028.203. REIMBURSEMENT FOR SIMULCAST SIGNAL COST. If
25 a racetrack association purchases an interstate simulcast signal
26 and the signal cost exceeds five percent of the pari-mutuel pool,
27 the department [~~commission~~], from the horse industry escrow

1 ~~[escrowed]~~ account established under Section 2028.204
2 ~~[2028.202(b)(4)]~~, shall reimburse the racetrack association an
3 amount equal to one-half of the signal cost that exceeds five
4 percent of the pari-mutuel pool.

5 Sec. 2028.204. HORSE INDUSTRY ESCROW ACCOUNT; DEPOSIT AND
6 ALLOCATION OF MONEY [IN ESCROW ACCOUNTS]. (a) The horse industry
7 escrow account is a trust account in the department's registry
8 composed of money deposited to the account in accordance with this
9 subtitle.

10 (b) A greyhound racetrack association shall deposit into
11 the horse industry ~~[an]~~ escrow account ~~[in the commission's~~
12 ~~registry]~~ the purse set aside under Section 2028.202(b)(4).

13 (c) ~~[(b)]~~ Any horse racetrack association in this state may
14 apply to the department ~~[commission]~~ for receipt of money in the
15 horse industry escrow account for use as purses. Any state horse
16 breed registry listed in Section 2030.002(a) may apply for receipt
17 of money in the account for any event that furthers the horse
18 industry. The department ~~[commission]~~:

19 (1) shall determine the horse racetrack associations
20 and state horse breed registries to be allocated money from the
21 account and the percentages to be allocated, taking into
22 consideration purse levels, racing opportunities, and the
23 financial status of the requesting racetrack association or
24 requesting breed registry; and

25 (2) may not annually allocate more than 70 percent of
26 the amount deposited into the account to horse racetrack
27 associations for use as purses.

1 SECTION 8.11. Section 2028.2041, Occupations Code, is
2 amended to read as follows:

3 Sec. 2028.2041. ALLOCATION OF CERTAIN FUNDS IN HORSE
4 INDUSTRY ESCROW ACCOUNT TO GENERAL REVENUE FUND; MAXIMUM ACCOUNT
5 BALANCE. (a) In each state fiscal biennium, the comptroller shall
6 deposit the amounts allocated under Section 151.801(c-3), Tax Code,
7 into the horse industry escrow account established under Section
8 2028.204 [~~2028.204(b)~~], until the comptroller determines the
9 amount deposited into the account in that fiscal biennium equals
10 the greater of:

11 (1) the amount appropriated to the department
12 [~~commission~~] for the purposes of Section 2028.204 for that fiscal
13 biennium; or

14 (2) \$50 million.

15 (b) Once the comptroller determines the greater of the
16 amount described by Subsection (a)(1) or (2) has been deposited
17 during a state fiscal biennium into the horse industry escrow
18 account established under Section 2028.204 [~~2028.204(b)~~], for the
19 remainder of that fiscal biennium the comptroller shall deposit the
20 amounts allocated under Section 151.801(c-3), Tax Code, into the
21 general revenue fund.

22 (c) The balance of the horse industry escrow account
23 established under Section 2028.204 [~~2028.204(b)~~] shall not exceed
24 \$50 million.

25 SECTION 8.12. Section 2028.205, Occupations Code, is
26 amended to read as follows:

27 Sec. 2028.205. ADDITIONAL ALLOCATIONS FROM HORSE INDUSTRY

1 ESCROW ACCOUNT FOR CERTAIN RACETRACKS. (a) In addition to money
2 allocated under Section [2028.204](#), a horse racetrack association
3 operating a racetrack that is located not more than 75 miles from a
4 greyhound racetrack that offers wagering on a cross-species
5 simulcast signal and that sends the cross-species simulcast signal
6 to the greyhound racetrack may apply to the department [~~commission~~]
7 for an allocation of up to 20 percent of the money in the horse
8 industry escrow [~~escrowed~~] account established under Section
9 [2028.204](#) that is attributable to the wagering on a cross-species
10 simulcast signal at the greyhound racetrack.

11 (b) If the applying horse racetrack association can prove to
12 the department's [~~commission's~~] satisfaction that the racetrack
13 association's handle has decreased directly due to wagering on an
14 interstate cross-species simulcast signal at a greyhound racetrack
15 located not more than 75 miles from the applying racetrack
16 association, the department [~~commission~~] shall allocate amounts
17 from the horse industry escrow [~~escrowed~~] account as the department
18 [~~commission~~] considers appropriate to compensate the racetrack
19 association for the decrease. The amounts allocated may not exceed
20 20 percent of the money in the [~~escrowed~~] account that is
21 attributable to the wagering on the interstate cross-species
22 simulcast signal at the greyhound racetrack.

23 (c) Money allocated by the department [~~commission~~] under
24 this section may be used by the racetrack association for any
25 purpose.

26 SECTION 8.13. Section [2028.301](#), Occupations Code, is
27 amended to read as follows:

1 Sec. 2028.301. TEXAS-BRED INCENTIVE FUND. (a) The
2 department [~~commission~~] shall deposit money set aside for the
3 Texas-bred program or set aside for use by state breed registries
4 under this chapter into an escrow account in the state treasury in
5 the registry of the department [~~commission~~] to be known as the
6 Texas-bred incentive fund.

7 (b) The department [~~commission~~] shall distribute money from
8 the Texas-bred incentive fund in accordance with this chapter and
9 commission rules.

10 SECTION 8.14. Chapter 2028, Occupations Code, is amended by
11 adding Subchapter H to read as follows:

12 SUBCHAPTER H. NATIONAL EVENT INCENTIVES

13 Sec. 2028.401. NATIONAL EVENT INCENTIVES. (a) In this
14 section:

15 (1) "Breeders' Cup costs" means all costs for capital
16 improvements and extraordinary expenses reasonably incurred for
17 the operation of the Breeders' Cup races, including purses offered
18 on other days in excess of the purses that the host association is
19 required to pay by this subtitle.

20 (2) "Breeders' Cup races" means a series of
21 thoroughbred races known as the Breeders' Cup Championship races
22 conducted annually by Breeders' Cup Limited on a day known as
23 Breeders' Cup Championship day.

24 (3) "Development organization" means an organization
25 whose primary purpose is the marketing, promotion, or economic
26 development of a city, county, or region of the state, including
27 chambers of commerce, convention and visitors bureaus, and sports

1 commissions.

2 (4) "Political subdivision" means a city, county, or
3 other political subdivision of the state and includes any entity
4 created by a political subdivision.

5 (b) An association conducting the Breeders' Cup races may
6 apply to the reimbursement of Breeders' Cup costs amounts that
7 would otherwise be set aside by the association for the state under
8 Sections 2028.051 and 2028.202(a)(1) during the year in which the
9 association hosts the Breeders' Cup races, limited to an amount
10 equal to the lesser of the aggregate amount contributed to pay
11 Breeders' Cup costs by political subdivisions and development
12 organizations or \$2 million. Beginning on January 1 of the year for
13 which the association has been officially designated to host the
14 Breeders' Cup races, amounts that would otherwise be set aside by
15 the association for the state during that year under Sections
16 2028.051 and 2028.202(a)(1) shall be set aside, in accordance with
17 procedures prescribed by the comptroller, for deposit into the
18 Breeders' Cup Developmental Account. The Breeders' Cup
19 Developmental Account is an account in the general revenue fund.
20 The department shall administer the account. Money in the account
21 may be appropriated only to the department and may be used only for
22 the purposes specified in this section. The account is exempt from
23 the application of Section 403.095, Government Code.

24 (c) The department shall make disbursements from the
25 Breeders' Cup Developmental Account to reimburse Breeders' Cup
26 costs actually incurred and paid by the association, after the
27 association files a request for reimbursement. Disbursements from

1 the account may not at any time exceed the aggregate amount actually
2 paid for Breeders' Cup costs by political subdivisions and
3 development organizations, as certified by the department to the
4 comptroller, or \$2 million, whichever is less.

5 (d) Not later than January 31 of the year following the year
6 in which the association hosts the Breeders' Cup races, the
7 association shall submit to the department a report that shows:

8 (1) the total amount of Breeders' Cup costs incurred
9 and paid by the association;

10 (2) the total payments made by political subdivisions
11 and development organizations for Breeders' Cup costs; and

12 (3) any other information requested by the commission.

13 (e) Following receipt of the report required by Subsection
14 (d), the department shall take any steps it considers appropriate
15 to verify the report. Not later than March 31 of the year following
16 the event, the department shall transfer to the credit of the
17 general revenue fund any balance remaining in the Breeders' Cup
18 Developmental Account after reimbursement of any remaining
19 Breeders' Cup costs authorized under this section.

20 (f) In addition to the authority otherwise granted in this
21 subtitle, the commission and the comptroller may adopt rules for
22 the administration of this section as follows:

23 (1) the commission may adopt rules relating to:

24 (A) auditing or other verification of Breeders'
25 Cup costs and amounts paid or set aside by political subdivisions
26 and development organizations; and

27 (B) the disbursement of funds from the Breeders'

1 Cup Developmental Account; and

2 (2) the comptroller may adopt rules relating to:

3 (A) procedures and requirements for transmitting
4 or otherwise delivering to the treasury the money set aside under
5 this section; and

6 (B) depositing funds into the Breeders' Cup
7 Developmental Account.

8 (g) The commission may adopt rules to facilitate the conduct
9 of the Breeders' Cup races, including the adoption of rules or
10 waiver of existing rules relating to the overall conduct of racing
11 during the Breeders' Cup races in order to assure the integrity of
12 the races, licensing for all participants, special stabling and
13 training requirements for foreign horses, and commingling of
14 pari-mutuel pools.

15 (h) To the extent of any conflict between this section and
16 another provision of this subtitle, this section prevails.

17 SECTION 8.15. Section [2029.001](#), Occupations Code, is
18 amended to read as follows:

19 Sec. 2029.001. ALLOCATION OF HORSE RACING DAYS; PROHIBITED
20 RACING DAYS. (a) The department [~~commission~~] shall allocate the
21 live and simulcast horse racing days for the conduct of live and
22 simulcast racing at each racetrack.

23 (b) In allocating race dates under this section, the
24 department [~~commission~~] shall consider live race dates separately
25 from simulcast race dates.

26 (c) The commission by rule may prohibit racing on Sunday
27 unless the prohibition would conflict with another provision of

1 this subtitle. The commission may delegate to the executive
2 director the commission's authority under this subsection.

3 ARTICLE 9. ALLOCATION OF RACING DAYS

4 SECTION 9.01. Sections 2029.002(a) and (c), Occupations
5 Code, are amended to read as follows:

6 (a) The department [~~commission~~] shall grant to each
7 racetrack association additional horse racing days during a horse
8 race meeting to be conducted as charity days. The department
9 [~~commission~~] shall grant to each class 1 racetrack and to each class
10 2 racetrack at least two and not more than five additional days.

11 (c) The department [~~commission~~] shall ensure that races
12 conducted by a racetrack association on a charity day are
13 comparable in all respects, including the generation of revenue, to
14 races conducted by that racetrack association on any other horse
15 racing day.

16 SECTION 9.02. Section 2029.003, Occupations Code, is
17 amended to read as follows:

18 Sec. 2029.003. ACCESS TO RACES. (a) Each racetrack shall
19 provide reasonable access to races for all breeds of horses as
20 determined by the racetrack association through negotiations with
21 the representative state horse breed registry with the final
22 approval of the department [~~commission~~].

23 (b) In granting approval under Subsection (a), the
24 department [~~commission~~] shall consider:

- 25 (1) the availability of competitive horses;
26 (2) economic feasibility; and
27 (3) public interest.

1 SECTION 9.03. Sections 2029.052(a) and (b), Occupations
2 Code, are amended to read as follows:

3 (a) The department [~~commission~~] shall grant not less than
4 five additional greyhound racing days during a greyhound race
5 meeting to be conducted as charity days.

6 (b) The department [~~commission~~] shall ensure that races
7 conducted by a racetrack association on a charity day are
8 comparable in all respects, including the generation of revenue, to
9 races conducted by that racetrack association on any other
10 greyhound racing day.

11 SECTION 9.04. Section 2029.053, Occupations Code, is
12 amended to read as follows:

13 Sec. 2029.053. SUBSTITUTE RACING DAYS OR ADDITIONAL RACES.
14 If, for a reason beyond a greyhound racetrack association's control
15 and not caused by the racetrack association's fault or neglect, it
16 is impossible for the racetrack association to conduct a race on a
17 day authorized by the department [~~commission~~], the executive
18 director [~~commission~~] in the executive director's [~~its~~] discretion
19 and at the request of the racetrack association, as a substitute for
20 the race, may:

21 (1) specify another day for the racetrack association
22 to conduct racing; or

23 (2) add additional races to already programmed events.

24 ARTICLE 10. TEXAS-BRED HORSES AND GREYHOUNDS

25 SECTION 10.01. Section 2030.001(b), Occupations Code, is
26 amended to read as follows:

27 (b) Rules adopted under this section are subject to approval

1 by the department [~~commission~~].

2 SECTION 10.02. Section 2030.002(b), Occupations Code, is
3 amended to read as follows:

4 (b) The appropriate state horse breed registry shall act in
5 an advisory capacity to each racetrack association and to the
6 department [~~commission~~] for the purpose of administering Sections
7 2030.003 and 2030.004.

8 SECTION 10.03. Sections 2030.005 and 2030.006, Occupations
9 Code, are amended to read as follows:

10 Sec. 2030.005. EQUITABLE NUMBER OF RACES FOR EACH BREED.

11 (a) A racetrack association that conducts a horse race meeting for
12 more than one breed of horse at one racetrack shall provide that the
13 number of races run by each breed on each day is equitable as
14 determined by the department [~~commission~~] under Section 2029.003.

15 (b) The commission by rule [~~or by order~~] may allow for an
16 exception to Subsection (a) if an insufficient number of horses of a
17 breed are available to provide sufficient competition. The
18 commission may delegate to the executive director the commission's
19 authority under this subsection.

20 Sec. 2030.006. EQUITABLE STABLING. A racetrack association
21 that conducts a horse race meeting for more than one breed of horse
22 at one racetrack shall provide on-track stalls on an equitable
23 basis as determined by the department [~~commission~~] under Section
24 2029.003.

25 SECTION 10.04. Section 2030.051(b), Occupations Code, is
26 amended to read as follows:

27 (b) Rules adopted under this section are subject to approval

1 by the department [~~commission~~].

2 ARTICLE 11. TEXAS DERBIES

3 SECTION 11.01. Section 2031.001, Occupations Code, is
4 amended to read as follows:

5 Sec. 2031.001. ESTABLISHMENT OF TEXAS DERBIES. (a) The
6 commission by rule shall establish as Texas Derbies the following
7 annual stakes races:

- 8 (1) one race open to three-year-old Thoroughbreds;
- 9 (2) one race open only to three-year-old Texas-bred
10 Thoroughbreds;
- 11 (3) one race open to three-year-old quarter horses;
- 12 and
- 13 (4) one race open only to three-year-old Texas-bred
14 quarter horses.

15 (b) Each Texas Derby must be held annually on a date and at
16 the class 1 racetrack determined by the department [~~commission~~].
17 The department [~~commission~~] shall determine the location of each
18 Texas Derby in consultation with:

- 19 (1) each class 1 racetrack;
- 20 (2) the official state horse breed registries; and
- 21 (3) the official horsemen's organization.

22 (c) The department [~~commission~~] may sell the right to name a
23 Texas Derby. The department [~~commission~~] shall deposit the
24 proceeds from the sale of the right to name a Texas Derby into the
25 Texas Derby escrow purse fund established under Section 2031.004.

26 SECTION 11.02. Section 2031.003(a), Occupations Code, is
27 amended to read as follows:

1 (a) For each Texas Derby, the department [~~commission~~] shall
2 appoint a state veterinarian to conduct a prerace examination of
3 each horse entered in the race to determine whether the horse:

4 (1) is healthy; and

5 (2) meets standards set by commission rule for racing.

6 SECTION 11.03. Sections 2031.004(a) and (e), Occupations
7 Code, are amended to read as follows:

8 (a) The department [~~commission~~] shall establish a Texas
9 Derby escrow purse fund.

10 (e) The department [~~commission~~] may not:

11 (1) use funds from the accredited Texas-bred program
12 under Subchapter A, Chapter 2030, or the horse industry escrow
13 [~~escrowed purse~~] account established under Section 2028.204 to fund
14 the Texas Derby escrow purse fund; or

15 (2) order a state horse breed registry to fund a purse
16 for a Texas Derby, make contributions to the Texas Derby escrow
17 purse fund, or pay the expenses of a Texas Derby race.

18 ARTICLE 12. LIVESTOCK SHOWS, EXHIBITS, AND FAIRS

19 SECTION 12.01. Chapter 2032, Occupations Code, is amended
20 by adding Section 2032.004 to read as follows:

21 Sec. 2032.004. RULES. The commission may adopt rules as
22 necessary to:

23 (1) administer this chapter; and

24 (2) ensure public safety and welfare.

25 ARTICLE 13. CRIMINAL AND ADMINISTRATIVE PENALTIES; DISCIPLINARY
26 POWERS

27 SECTION 13.01. Section 2033.006(a), Occupations Code, is

1 amended to read as follows:

2 (a) A person commits an offense if the person knowingly
3 possesses or displays a credential issued by the department or a
4 false credential that identifies the person as the holder of the
5 credential and the person knows that:

6 (1) the credential is not issued to the person; or

7 (2) the person is not a license holder.

8 SECTION 13.02. Sections 2033.007(a) and (b), Occupations
9 Code, are amended to read as follows:

10 (a) For purposes of this section, a request is lawful if it
11 is made:

12 (1) at any time by:

13 (A) the department [~~commission~~];

14 (B) an authorized department [~~commission~~] agent;

15 (C) the director or a commissioned officer of the
16 Department of Public Safety;

17 (D) a peace officer; or

18 (E) a steward or judge; and

19 (2) at any restricted location that is at a racetrack
20 and is not a public place.

21 (b) A person commits an offense if, after a lawful request,
22 the person knowingly fails or refuses to:

23 (1) display a credential issued by the department to
24 another person; or

25 (2) give the person's name, residence address, or date
26 of birth to another person.

27 SECTION 13.03. Section 2033.008(a), Occupations Code, is

1 amended to read as follows:

2 (a) A person commits an offense if the person knowingly
3 wagers on the result of a horse or greyhound race conducted in this
4 state that:

5 (1) is held on an American Indian reservation or on
6 American Indian trust land located in this state; and

7 (2) is not held under the supervision of the
8 department [~~commission~~] under rules adopted under this subtitle.

9 SECTION 13.04. Section 2033.009(a), Occupations Code, is
10 amended to read as follows:

11 (a) A person commits an offense if the person is a license
12 holder and the person knowingly permits, facilitates, or allows
13 access to an enclosure where races are conducted to another person
14 who the person knows:

15 (1) has engaged in bookmaking, touting, or illegal
16 wagering;

17 (2) derives income from illegal activities or
18 enterprises;

19 (3) has been convicted of a violation of this
20 subtitle; or

21 (4) is excluded by the department [~~commission~~] from
22 entering a racetrack.

23 SECTION 13.05. Section 2033.012(c), Occupations Code, is
24 amended to read as follows:

25 (c) An offense under this section is a state jail felony
26 unless the statement was material in a department [~~commission~~]
27 action relating to a racetrack license, in which event the offense

1 is a felony of the third degree.

2 SECTION 13.06. Section 2033.013(c), Occupations Code, is
3 amended to read as follows:

4 (c) An offense under this section is a state jail felony if:

5 (1) the actor:

6 (A) is a license holder under this subtitle or a
7 commission member or department employee; and

8 (B) knowingly represents that a commission
9 member or department employee or a person licensed by the
10 department [~~commission~~] is the source of the false information; or

11 (2) the false statement or information was contained
12 in racing selection information provided to the public.

13 SECTION 13.07. Sections 2033.018(a) and (b), Occupations
14 Code, are amended to read as follows:

15 (a) A person consents to a search for a prohibited device,
16 prohibited substance, or other contraband at a time and location
17 described by Subsection (b) if the person:

18 (1) accepts a license or other credential issued by
19 the department under this subtitle; or

20 (2) enters a racetrack under the authority of a
21 license or other credential alleged to have been issued by the
22 department under this subtitle.

23 (b) A search may be conducted by a commissioned officer of
24 the Department of Public Safety or a peace officer, including a
25 peace officer employed by the department [~~commission~~], at any time
26 and at any location at a racetrack, except a location:

27 (1) excluded by commission rule from searches under

1 this section; or

2 (2) provided by a racetrack association under
3 commission rule for private storage of personal items belonging to
4 a license holder entering a racetrack.

5 SECTION 13.08. Sections [2033.021](#), [2033.051](#), and [2033.052](#),
6 Occupations Code, are amended to read as follows:

7 Sec. 2033.021. DEPARTMENT [~~COMMISSION~~] AUTHORITY. This
8 subchapter does not restrict the department's [~~commission's~~]
9 administrative authority to enforce this subtitle or commission
10 rules to the fullest extent authorized by this subtitle.

11 Sec. 2033.051. IMPOSITION OF PENALTY. If the commission or
12 the executive director determines that a person regulated under
13 this subtitle has violated this subtitle or a rule or order adopted
14 under this subtitle in a manner that constitutes a ground for a
15 disciplinary action under this subtitle, the commission or the
16 executive director may assess an administrative penalty against
17 that person as provided by this subchapter or Subchapter F, Chapter
18 [51](#).

19 Sec. 2033.052. AMOUNT OF PENALTY. (a) Notwithstanding
20 Subchapter F, Chapter 51, the [~~The~~] commission or the executive
21 director may assess an administrative penalty under this subchapter
22 in an amount not to exceed \$10,000 for each violation.

23 (b) In determining the amount of the penalty, the commission
24 or the executive director shall consider the seriousness of the
25 violation.

26 SECTION 13.09. Section [2033.057](#)(a), Occupations Code, is
27 amended to read as follows:

1 (a) A complaint alleging a violation of this subtitle may be
2 instituted by the Department of Public Safety, the department
3 [~~commission~~], or the attorney general.

4 SECTION 13.10. Subchapter B, Chapter 2033, Occupations
5 Code, is amended by adding Section 2033.058 to read as follows:

6 Sec. 2033.058. DISPOSITION OF ADMINISTRATIVE PENALTY. The
7 commission shall remit an administrative penalty collected under
8 this subtitle to the comptroller for deposit in the general revenue
9 fund.

10 SECTION 13.11. Section 2033.106(a), Occupations Code, is
11 amended to read as follows:

12 (a) If the executive director reasonably believes that a
13 person has violated a final and enforceable cease and desist or
14 emergency order, the executive director may:

15 (1) initiate administrative penalty proceedings under
16 Subchapter B;

17 (2) refer the matter to the attorney general for
18 enforcement by injunction and any other available remedy; or

19 (3) pursue any other action that the executive
20 director considers appropriate, including suspension of the
21 person's license.

22 SECTION 13.12. Section 2033.151, Occupations Code, is
23 amended to read as follows:

24 Sec. 2033.151. DISCIPLINARY ACTIONS. (a) The commission
25 may [~~shall~~] revoke, suspend, or refuse to renew a license, place on
26 probation a person whose license has been suspended, or reprimand a
27 license holder for a violation of this subtitle or a commission

1 rule.

2 (b) If a license suspension is probated, the commission may
3 require the license holder to report regularly to the department
4 [~~commission~~] on matters that are the basis of the probation.

5 (c) A disciplinary proceeding under this subtitle is
6 governed by:

7 (1) Chapter 51; and

8 (2) commission rules adopted under Chapter 51.

9 SECTION 13.13. The heading to Section 2033.152, Occupations
10 Code, is amended to read as follows:

11 Sec. 2033.152. PROCEEDING FOR DISCIPLINARY ACTION
12 [~~HEARING~~] CONCERNING SUSPENSION, REVOCATION, OR REFUSAL TO RENEW
13 LICENSE.

14 SECTION 13.14. Section 2033.152(b), Occupations Code, is
15 amended to read as follows:

16 (b) A proceeding [~~Proceedings~~] for a disciplinary action,
17 other than those conducted by a steward or judge, in which the
18 commission proposes to suspend, revoke, or refuse to renew a
19 person's license is [~~are~~] governed by Chapter 2001, Government
20 Code.

21 SECTION 13.15. Section 2033.153, Occupations Code, is
22 amended to read as follows:

23 Sec. 2033.153. INJUNCTION. The department [~~commission~~] may
24 institute an action in its own name to enjoin the violation of this
25 subtitle. An action for an injunction is in addition to any other
26 action, proceeding, or remedy authorized by law.

27 SECTION 13.16. Section 2033.154(b), Occupations Code, is

1 amended to read as follows:

2 (b) The executive director may issue an order prohibiting
3 the racetrack association from making any transfer from a bank
4 account held by the racetrack association for the conduct of
5 business under this subtitle, pending department [~~commission~~]
6 review of the records of the account, if the executive director
7 reasonably believes that the racetrack association has failed to
8 maintain the proper amount of money in the horsemen's account. The
9 executive director shall provide in the order a procedure for the
10 racetrack association to pay certain expenses necessary for the
11 operation of the racetrack, subject to the executive director's
12 approval.

13 ARTICLE 14. UNLAWFUL INFLUENCE ON RACING

14 SECTION 14.01. Section [2034.001](#), Occupations Code, is
15 amended by amending Subsections (b) and (c) and adding Subsection
16 (e) to read as follows:

17 (b) The rules adopted under this section by the commission
18 shall require testing to determine whether a prohibited substance
19 has been used.

20 (c) The [~~commission's~~] rules adopted under this section
21 must require state-of-the-art testing methods. The testing may:

22 (1) be prerace or postrace as determined by the
23 department [~~commission~~]; and

24 (2) be by an invasive or noninvasive method.

25 (e) The commission shall adopt rules regarding disciplinary
26 actions under this chapter, including the right of appeal to the
27 commission from a disciplinary action under Section [2034.006](#).

1 SECTION 14.02. Section 2034.002, Occupations Code, is
2 amended to read as follows:

3 Sec. 2034.002. MEDICATION AND DRUG TESTING PROCEDURES. (a)
4 Medication or drug testing performed on a race animal under this
5 subtitle must be conducted by:

6 (1) the Texas A&M Veterinary Medical Diagnostic
7 Laboratory; or

8 (2) a laboratory operated by or in conjunction with or
9 by a private or public agency selected by the department
10 [~~commission~~] after consultation with the Texas A&M Veterinary
11 Medical Diagnostic Laboratory.

12 (b) Medication or drug testing performed on a human under
13 this subtitle must be conducted by a laboratory approved by the
14 department [~~commission~~].

15 SECTION 14.03. Sections 2034.003(c), (d), and (e),
16 Occupations Code, are amended to read as follows:

17 (c) Charges for services performed under this section must
18 be forwarded to the department [~~commission~~] for approval of the
19 reasonableness of the charges. Charges may include expenses
20 incurred for travel, lodging, testing, and processing of test
21 results.

22 (d) The department [~~commission~~] shall determine whether the
23 laboratory charges are reasonable in relation to industry standards
24 by periodically surveying the drug testing charges of comparable
25 laboratories in the United States.

26 (e) The racetrack association that receives the services is
27 responsible for the cost of approved charges for animal drug

1 testing services under this section. The department [~~commission~~]
2 shall forward a copy of the charges to the racetrack association for
3 immediate payment.

4 SECTION 14.04. Sections 2034.005(a) and (b), Occupations
5 Code, are amended to read as follows:

6 (a) The department [~~commission~~] may require urine samples
7 to be frozen for a period necessary to allow any follow-up testing
8 to detect and identify a prohibited substance. Any other specimen
9 shall be maintained for testing purposes in a manner required by
10 commission rule.

11 (b) If a test sample or specimen shows the presence of a
12 prohibited substance, the entire sample, including any split
13 portion remaining in the custody of the department [~~commission~~],
14 shall be maintained until final disposition of the matter.

15 SECTION 14.05. Section 2034.007, Occupations Code, is
16 amended to read as follows:

17 Sec. 2034.007. DISCIPLINARY ACTION FOR RULE VIOLATION OF
18 PROHIBITED DEVICE OR SUBSTANCE. In addition to any other
19 disciplinary action authorized by Chapter 51, this subtitle, or
20 commission rule, a [A] person who violates a rule adopted under this
21 chapter may:

22 (1) have any license issued to the person by the
23 department [~~commission~~] revoked or suspended; or

24 (2) be barred for life or any other period from
25 applying for or receiving a license issued by the department
26 [~~commission~~] or entering any portion of a racetrack.

27 ARTICLE 15. LOCAL OPTION ELECTION TO LEGALIZE PARI-MUTUEL WAGERING

1 SECTION 15.01. Section 2035.001(a), Occupations Code, is
2 amended to read as follows:

3 (a) The department [~~commission~~] may not issue a racetrack
4 license or accept a license application for a racetrack to be
5 located in a county until the commissioners court has certified to
6 the secretary of state that the qualified voters of the county have
7 approved the legalization of pari-mutuel wagering on horse races or
8 greyhound races in the county at an election held under this
9 chapter.

10 SECTION 15.02. Section 2035.052, Occupations Code, is
11 amended to read as follows:

12 Sec. 2035.052. PARTIES. Any person who is licensed or who
13 has submitted to the department [~~commission~~] an application to be
14 licensed in any capacity under this subtitle may become a named
15 party to the contest proceedings by pleading to the petition on or
16 before the time set for hearing and trial as provided by Section
17 2035.053(b) or after that time by intervention on leave of court.

18 ARTICLE 16. CONFORMING AMENDMENTS

19 SECTION 16.01. Section 411.096(a), Government Code, is
20 amended to read as follows:

21 (a) The Texas [~~Racing~~] Commission of Licensing and
22 Regulation and the Texas Department of Licensing and Regulation are
23 [~~is~~] entitled to obtain from the department criminal history record
24 information maintained by the department that pertains to a person
25 who is:

- 26 (1) appointed to the commission;
27 (2) an applicant for employment by the commission; or

1 (7) Sections 2022.053, 2022.054, 2022.055, 2022.056,
2 2022.057, 2022.101, 2022.102, and 2022.106;

3 (8) Sections 2023.004(b), (c), and (f);

4 (9) Section 2023.009;

5 (10) Section 2025.204(e);

6 (11) Section 2025.258(b);

7 (12) Sections 2033.053, 2033.054, 2033.055, and
8 2033.056;

9 (13) Section 2033.057(b); and

10 (14) Sections 2033.152(a) and (c).

11 (b) Title 6, Vernon's Texas Civil Statutes, is repealed.

12 ARTICLE 18. TRANSITION AND SAVINGS PROVISIONS

13 SECTION 18.01. (a) On the effective date of this Act, the
14 Texas Racing Commission is abolished but continues in existence
15 until December 1, 2021, for the sole purpose of transferring
16 obligations, property, rights, powers, and duties to the Texas
17 Department of Licensing and Regulation. The Texas Department of
18 Licensing and Regulation assumes all of the obligations, property,
19 rights, powers, and duties of the Texas Racing Commission as they
20 exist immediately before the effective date of this Act. All
21 unexpended funds appropriated to the Texas Racing Commission are
22 transferred to the Texas Department of Licensing and Regulation.

23 (b) The Texas Racing Commission and the Texas Department of
24 Licensing and Regulation shall, in consultation with appropriate
25 state entities, ensure that the transfer of the obligations,
26 property, rights, powers, and duties of the Texas Racing Commission
27 to the Texas Department of Licensing and Regulation is completed

1 not later than December 1, 2021.

2 (c) All rules of the Texas Racing Commission are continued
3 in effect as rules of the Texas Department of Licensing and
4 Regulation until superseded by a rule of the Texas Commission of
5 Licensing and Regulation. A license issued by the Texas Racing
6 Commission is continued in effect as provided by the law in effect
7 immediately before the effective date of this Act. An application
8 for a license, endorsement, or certificate of registration pending
9 on the effective date of this Act is continued without change in
10 status after the effective date of this Act. A complaint,
11 investigation, contested case, or other proceeding pending on the
12 effective date of this Act is continued without change in status
13 after the effective date of this Act.

14 (d) Not later than September 1, 2022, the Texas Commission
15 of Licensing and Regulation shall adopt any rules necessary to
16 implement the changes in law made by this Act to Subtitle A-1, Title
17 13, Occupations Code.

18 (e) Unless the context indicates otherwise, a reference to
19 the Texas Racing Commission in a law or administrative rule means
20 the Texas Department of Licensing and Regulation.

21 SECTION 18.02. (a) Not later than December 1, 2021, the
22 presiding officer of the Texas Commission of Licensing and
23 Regulation, with the approval of the Texas Commission of Licensing
24 and Regulation, shall appoint members to the Texas Racing Advisory
25 Board in accordance with Section [2022.001](#), Occupations Code, as
26 amended by this Act. A member of the Texas Racing Commission whose
27 term expired under Section 18.01 of this Act is eligible for

1 appointment to the advisory board.

2 (b) The members of the Texas Racing Commission whose terms
3 expire under Section 18.01 of this Act shall continue to provide
4 advice to the Texas Department of Licensing and Regulation until a
5 majority of the members of the Texas Racing Advisory Board are
6 appointed under Subsection (a) of this section and qualified.

7 SECTION 18.03. (a) Not later than September 1, 2023, the
8 executive director of the Texas Department of Licensing and
9 Regulation in accordance with Section 51.202(c), Occupations Code,
10 shall determine with reasonable accuracy the cost to the department
11 of the racing program and activities for which a fee is charged.

12 (b) The executive director of the Texas Department of
13 Licensing and Regulation, on development of the cost management
14 procedures, shall make recommendations to the Texas Commission of
15 Licensing and Regulation for review and consideration.

16 SECTION 18.04. The changes in law made by this Act apply to
17 revenue received from the imposition of an administrative penalty
18 on or after the effective date of this Act, regardless of whether
19 the penalty was imposed before, on, or after the effective date of
20 this Act.

21 SECTION 18.05. (a) A violation of a law that is repealed by
22 this Act is governed by the law in effect when the violation was
23 committed, and the former law is continued in effect for that
24 purpose.

25 (b) For purposes of this section, a violation was committed
26 before the effective date of this Act if any element of the
27 violation occurred before that date.

1 SECTION 18.06. To the extent of any conflict, this Act
2 prevails over another Act of the 87th Legislature, Regular Session,
3 2021, relating to nonsubstantive additions to and corrections in
4 enacted codes.

5 SECTION 18.07. The Texas Legislative Council, with the
6 assistance of the Sunset Advisory Commission, shall prepare for
7 consideration by the 88th Legislature a nonsubstantive revision of
8 the statutes of this state as necessary to reflect the changes in
9 law made by this Act.

10 ARTICLE 19. EFFECTIVE DATE

11 SECTION 19.01. This Act takes effect September 1, 2021.